



Eller

FinancialMatters

DEPARTMENT OF FINANCE

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Greetings from the Eller Finance Department

It has been another great year for the department. I hope you enjoy reading about our students, faculty, and programs. Let me start with a few of this year's highlights:

We opened the UA/Eller Financial Markets Center (thanks to a generous gift by alumnus Greg Vaughan)—housing our Bloomberg terminals, a 20' financial ticker, a 65" "market wall" monitor, and space for students working collaboratively (see photo on page 10).

Once again, demand for our students is exceptionally strong and continues to rise. A special thank you to our many alumni who continue to help the next generation of Eller finance students succeed:

- Leading companies hiring Eller finance interns and graduates include, among others, BofA/Merrill Lynch, BDO, BlackRock, Boston Consulting, Citi, Deutsche Bank, Goldman Sachs, JP Morgan, UBS, and Wells Fargo.
- A record 21 students are starting internships or full time positions at major Wall Street firms: 17 in NYC + four students in Dallas, SF, and LA.

We awarded five Chartered Financial Analyst (CFA) and eight Chartered

Alternative Investment Analyst (CAIA) exam scholarships to graduate and undergraduate finance students.

We awarded more than \$90,000 in 55 scholarships to finance undergraduate and masters students. Thank you for your support!

We continue to increase our students' exposure to industry through events and experiential learning:

- We held the first annual Meritage Homes Real Estate Challenge—more than 80 finance students participated in the competition and more than 30 real estate industry professionals attended the reception to network with our students. A special thank you to Steve Hilton and Meritage Homes who awarded a total of \$13,000 to student participants.
- Other experiential learning events include, among others, the Chartered Financial Analyst (CFA) Research Challenge, the Chicago Quantitative Alliance (CQA) Investment Challenge, the Venture Capital Investment Challenge, the Edward Jones Portfolio Challenge, the Venture Capital Panel, the Bank Executive Loan Panel, and the student-run portfolio.



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Page 11 gives just a few examples of how our award-winning faculty's cutting edge research extends the state of knowledge in finance.

More than 30 young women participated in the Second Annual Professional Women in Finance Brunch in February (with featured speaker alumna Jane Rojas, Senior VP, Morgan Stanley). Special thanks to students Jessie Roberts and Marie Archibald for heading up this event.

The Investments Club won the outstanding large club award in Eller.

In short, it's been another great year for the Eller finance community. Please reach out to me if you have comments, want to get involved, or give back.

Go Cats!

Meet Our Students

Undergraduate Junior

Currently a junior studying finance, Jessica Roberts plans to graduate in May 2017. She was the first recipient of the Sharon Garrison Memorial Scholarship in 2016. Jessie is the incoming president of the UA Investments Club. She has accepted an internship this summer with the securities division of UBS in New York City and hopes to work there full-time following graduation.



▲ Jessica Roberts

BE THE CHANGE
YOU WISH TO SEE IN THE WORLD.

—Gandhi

Jessie shared 12 other things that are unique to her:

1. I could eat sushi for every meal.
2. I love binge-watching Netflix.
3. Gossip Girl is my guilty pleasure.
4. I'm extremely passionate about following the global markets.
5. I am on my third round of reading *The Big Short*.
6. I have more shoes than I know what to do with.
7. I can't whistle...no matter how hard or how many times I try.
8. My entire family loves the LA Lakers.
9. I love to play lacrosse and played all throughout high school.
10. I accept payment in all forms of chocolate.
11. I want to continue my Wall Street career in Zurich, Switzerland after a few years in New York, which is one reason I am really grateful for working at UBS.
12. This past summer I traveled to Israel for 2 weeks.

Master's in Finance

Nick Gelso, from Truckee, California, will complete his Master's in Finance degree in investment management this August. In 2015, Nick completed his undergraduate studies at UA, majoring in finance.



▲ Nicholas Gelso

SUCCESS ISN'T OWNED
IT'S LEASED. AND RENT IS DUE EVERY DAY.

—J.J. Watt

Here are some things that make him, him:

1. Books: Reading now - *The Intelligent Investor*, by Benjamin Graham. Favorites are books by Michael Lewis and history books, especially those written by Stephen Ambrose.
2. Passions: Weight lifting, golf, fly fishing, yoga, cooking, and country music, particularly, Justin Moore.
3. Sports teams: Boston Red Sox, New England Patriots, Boston Celtics, UA football and basketball, U of Florida football and basketball (sorry UA fans, but I have an aunt and uncle who are professors there and grew up a fan).
4. Best advice received and followed: Pursue a quantitative degree; I was told "you can always move from quantitative to qualitative, but it's more difficult the other way around."
5. On the MSF degree: I learned a lot about finance in my undergraduate degree, but I wanted a more well-rounded understanding of the industry. In the MSF, I learned a lot about finance in the way that moving to Spain helps someone learn a lot of Spanish. I was immersed in finance this past year, and needed to learn and adapt quickly to be successful. I am significantly more prepared for a career in finance and investment management than I was a year ago."

Meet Our Students

Doctoral

Luke DeVault earned his Ph.D. from the University of Arizona in May 2016. Prior to joining the doctoral program, he earned an undergraduate degree in finance from Washington State University, where he initially met his future dissertation chair Dr. Richard Sias. This coming fall, he will move to South Carolina to start as an assistant professor at Clemson University. "I am very excited to meet new colleagues, experience a new part of the world, and further my research."



CAMARADERIE & SUPPORT
AT THE UA WAS PHENOMENAL.

▲ Luke DeVault

Luke's research focuses on understanding the factors impacting sophisticated investors' portfolio decisions. In his dissertation titled "*Is Not Trading Informative: Evidence From Corporate Insiders' Portfolios*," he studies how corporate insiders' incentives to maximize their personal wealth impacts their trading decisions leading to more informative decisions than previously recognized. Specifically, he demonstrates that when an insider holds inside equity positions in multiple companies (a portfolio insider) every trade provides information not only about the company the insider trades, but also about the company the insider held at that time but chose not to trade.

While studying in the doctoral program, Luke had the opportunity to present papers at top finance conferences in Cambridge England, Vienna Austria, and Philadelphia, and at other national conferences. When asked what he enjoyed most about his time at UA, Luke stated, "The camaraderie and support I enjoyed at the University of Arizona was phenomenal. The experience allowed me to develop relationships, skill sets, and a drive that will forever benefit me in my future career. I could not be more thankful for the opportunity the finance department at the University of Arizona granted me."

Alumni Profile

▲ Dan Fapp



Dan Fapp (MBA, '93) started his career in the entertainment industry as an amusement park manager while in college (BS in Marketing from California State University, Northridge) and then as a tour operations manager. He moved on to more altruistic work in special education teaching and coaching high school

basketball. In fact, he was the first former student to return as a teacher to the public high school where he graduated.

Realizing he wanted a change in his career, Dan returned to school to earn an Eller MBA, concentrating in finance and operations management. Dan really enjoyed the close-knit group of students and professors in the MBA program. In fact, he still keeps in touch with most of the people from the program.

Dan is now Vice President and an equity owner in L. E. Peabody & Associates, Inc., a boutique consulting services firm specializing in transportation, energy, and regulatory issues – combining a strong understanding of the industries with sophisticated analysis and proprietary quantitative models. Dan is responsible for generating and managing consulting projects, projects involving financial issues and modeling, and administrative duties such as personnel and the company's retirement plan.

Dan stays connected to Eller and wants to help UA and Eller continue to build on their success. He enjoys giving back to the school and the program that provided so much to him and were important to his success. On trips to Washington, D.C., Dan often runs into alums who all talk about how much they love UA.

DAN FAPP'S ADVICE FOR STUDENTS

Be adaptable. Every project, every client, every job is different, and what worked one time may not work the next. You will have to know how to adapt in projects, with clients, and in your career to be successful.

Know how to communicate well. This is especially true for finance majors. You need to know more than just how to "crunch numbers" – you will need to know how to write and speak well. When we interview students, we know they can design spreadsheets so we focus on whether the person can present themselves well, and this includes emails we exchange.

Stay connected. Beyond setting up a LinkedIn page, actually making an effort to reach out to people and stay in contact – through email, local business meetings, or an occasional phone call. Most of my jobs came through connections I made somewhere along the way. It will make a difference in your job search, too.

Congratulations to finance alumnus Hal Lindquist who won the UA Alumni *Professional Achievement Award*. Hal earned both his business bachelor's degree and MBA from the University of Arizona.

Alumni Professional Achievement Award

Hal Lindquist

Hal began his finance career at Carroll McEntee & McGinley (now HSBC Securities) and then moved to Bear Stearns where eventually he was in charge of global risk management and proprietary trading. He moved to Blackstone in 1996—the largest alternative investment firm in the world. He served as the Senior Managing Director of Funds of Hedge Funds with The Blackstone Group before becoming the Chief Investment Strategist at Blackstone Marketable Alternative Investments. Hal was instrumental in building the Blackstone Marketable Alternative Investments group—a hedge fund-of-funds. In his role as Chief Investment Strategist, Hal was in charge of setting the Marketable

Alternative Investment's overall investment strategy and all aspects of hedge fund manager selection, monitoring, and evaluation.

Hal is also a Principal in Tucson Asset Management (based in La Jolla, California), a commodity pool operator (CPO) and commodity trading advisor (CTA).

Hal has also been very active in helping UA finance students.

He has served on the investment committee for the student-run portfolio (that manages \$1.4M of the UA Foundation endowment) for the past 11 years. Moreover, Hal has been an active member of the Eller Finance Department's Professional Advisory Council for the last five years.

Congratulations Hal!



Alumnus **Hal Lindquist**, holding award, standing with UA Alumni Associate President **Melinda Burke**, Dean **Jeff Schatzberg** and Department Head **Rick Sias**



Professional Women in Finance Brunch

Reagan Melnychyn (Finance, May '16) had a great time during the 2nd annual *Professional Women in Finance Brunch*. This program brings 30 outstanding freshman and sophomore women together for a speed-networking event with Eller seniors just returning from top internships (e.g., Wall Street internships, consulting internships, corporate finance internships). Jane Rojas, Senior Vice President-Finance Advisor with Morgan Stanley in Tucson, was the keynote speaker. Special thanks to students Jessie Roberts and Marie Archibald for heading up this event.



L-R: Steve Hilton; *Team 2 Members*: Andrew Paul, Jacob Matenaer, Brett Ruckle, Roman Medrano; and Professor Mike Bond



L-R: Steve Hilton; *Team 3 Members*: Jesse Rozio, Jessica Hosek, Garrett McComb, Jaling Ulrey; and Professor Mike Bond



Team 2 Members: Brett Ruckle, Jacob Matenaer, Roman Medrano, Andrew Paul

“Two teams so impressed the judges, they were both awarded first place!”



Team 3 Members: Jesse Rozio, Jessica Hosek, Jaling Ulrey, Garrett McComb

▲ Inaugural Meritage Real Estate Challenge

Approximately 80 students enrolled in the undergraduate real estate finance course (FIN 460) took part in the competition generously sponsored by Steve Hilton and Meritage Homes. Four finalist teams in Professor Mike Bond’s class presented results of their analysis to judges on April 15 at Skyline Country Club.

Student Award Winners

The Finance Department attracts amazing students who excel at academics, giving back, and leadership. All award recipients are finance majors with top GPAs and numerous roles on campus and in the community. Here's a quick introduction to some of our spectacular students.



Marie Archibald

Outstanding Finance Senior Award, Spring 2016

Major: Finance

Key Contribution: After participating in an investment banking networking event in NYC, Marie co-founded the Professional Women in Finance Brunch to give undergraduate women the opportunity to network with senior women in finance and professionals in the field.

Accomplishments: In addition, Marie was the 2015-16 President of the Investment Club and an active mentor of inner city high school students through the Be A Leader Foundation in Phoenix.

Unique Experience: Living abroad in the U.K. and Norway, which left her with a great passion for traveling from an early age. Marie was also able to spend a summer as an intern in Hong Kong.

Next Step: Investment banking analyst in the

Financial Institutions Financing Group at Goldman Sachs in New York City.



Garrett LaBar

Outstanding Finance Senior Award, Fall 2015

Major: Finance

Unexpected Passion: Outside of the finance world, he is an active beekeeper.

Accomplishment: Eagle Scout Award Recipient, 2011.

Unique Experience: Moving from northern New Jersey to Southern California right before starting high school was a challenging experience. It made moving to Manhattan last summer for an internship much easier!

Key Opportunity: Working with MEB Management Services throughout his three years at UA allowed him to apply firsthand what he learned in the classroom.

First Career Step: Real Estate Analyst at Berkadia in Los Angeles,

a commercial real estate company for multi-family and commercial properties.



Sean Luther

Finance Department Head's Award for Academic Distinction, Spring 2016

Major: Finance

Unique Experience: Spending nine summers at an overnight camp on Catalina Island learning to scuba dive and sail. He even met two of his best friends who would become his senior year roommates at UA.

Key Contribution: Interviewing the new Eller Dean candidates last fall with a small panel of Eller students.

Accomplishment: Graduating with a 4.0 GPA.

Unforgettable Moment: Sean met the legendary Karl Eller at the McCord Scholars dinner and shared their fraternity's secret handshake.

New Opportunity: Backpacking across Europe for 40 days following graduation.

Next Step: Analyst in the Real Estate Financing Group with the Investment Bank Division of Goldman Sachs in Dallas.



Reagan Melnychyn

2015-16 Fielding-Singh Award (Finance)

Major: Finance, with a minor in Dance

A Passion: Dancing and performing are her passion.

Unique Experience: Reagan joined the Pride of Arizona Pom Line, performing at every home football and basketball game *and* the 49th Super Bowl Halftime show.

Eller Trip: Being an Eller team member in the Wall Street Journal Biz Quiz at Texas A&M, a jeopardy-style competition.

Memorable Experience: Participating in the student FMA trip to meet Warren Buffett in Omaha, Nebraska.

Key Opportunity: Interning with Brookfield Asset Management in NYC last summer.

Next Step: Client Business Analyst with BlackRock in San Francisco.

Future Goal: Work for BlackRock in London, England and achieve the Chartered Financial Analyst (CFA) designation.



Fabio Mire

2015-16 Fielding-Singh Award (Finance)

Major: Finance

A Passion: Reading about neuroscience and the brain, including current research.

Unique Experience: Fabio spent every summer in Panama, where half his family lives. The experience of living with his grandmother and being immersed in a completely different culture gave him a unique perspective.

Important Opportunity: He joined the Investments Club on a trip to New York City in fall of his junior year to network with alumni and industry professionals, which led to his summer internship with Deutsche Bank.

Key Contributions: Holding eight leadership positions since his sophomore year at UA and creating Wall Street Scholars, which, in its inaugural year, led to the most successful Wall

Street placement year in UA history.

Next Step: Investment Banking Analyst at Bank of America Merrill Lynch covering Power and Energy.



Corene Roads

2015-16 Fielding-Singh Award (Finance)

Major: Finance

Unique Experience: Corene became scuba certified at age 10, then took family vacations to Mexico to play with sea lions, explore ship wrecks, and discover amazing ocean plants and creatures.

Key Opportunity: She worked in Eller's Professional Development Center helping mentor students on cover letters, resumes, and interviews.

Eller Trip: Joining Eller's Summer London Internship Program, where she completed her first internship with a local credit union and had time to travel to several other countries within Europe.

Accomplishment: Serving two terms on the executive board of her sorority.

Next Step: Financial Analyst with Intel Corporation in Chandler, Arizona.



Jessica Schulte

Finance Department Head's Award for Academic Distinction, Spring 2016

Majors: Finance and Operations Management

A Early Passion: Jessica wanted to be a rocket scientist like her dad! The math skills she learned are invaluable.

Interesting Activities: Hiking and biking the trails in Tucson that lead through our national parks; a love for painting and drawing.

Unique Experience: Jessica spent a lot of time overseas with her family. She learned to speak German while spending summers in Germany, where her mother's family lives.

Eller Trip: Participating in the Wall Street Journal Biz Quiz at Texas A&M, a jeopardy-style competition.

Next Step: Finance Leadership Rotational Program at Siemens USA where she will hold four consecutive 6-month positions in four different cities.

Future Goal: Work with Siemens in Germany to combine her language and finance skills.



Jessica Vasilic

2016 FEI-McGladrey Academic Excellence Award

Major: Finance (Junior)

Unique Experience: Jessica traveled and competed with the Swedish National Golf Team all over Europe and the United States, which allowed Jessica to qualify as one of twelve to represent Europe in the Jr. Solheim Cup.

Accomplishments: Ranked in the top 50 amongst NCAA collegiate golfers; a member of the UA Women's Golf team; maintaining a 4.0 GPA in college.

Eller Activity: She won the Verizon Team Case Competition during her first semester in Eller.

Challenge: Jessica works 20 hour days to study plus train and compete as a student-athlete.

Career Goal: Pursue a professional career on the LPGA tour, or, work in finance for a sports-driven company.



Benefactors

Thank you to all of our alumni and friends who have supported the Finance Department, the Eller College, and The University of Arizona with donations. The generosity of our alumni and friends support department activities—including student competition fees, student activities, scholarships and speakers.

We thank the following individuals for their contributions to support departmental operations:

- *Michael and Nichole Arko*
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- *Andrew Zhang*
- *Huacheng Zhang*
- *Jane Zhao*

Financial Markets Center

Opened in Fall 2015

Finance majors have a new home base in the Financial Markets Center (FMC) thanks to a generous gift from alumnus Greg Vaughan (Finance '78).



Investment Club BBQ to Raise Money for Garrison Scholarship

The fundraiser barbeque held on March 29 by the Investment Club raised more than \$700 (which was matched by the Finance Department) for the 2nd annual Sharon Garrison Memorial Scholarship. Recipients of the Fall 2016 scholarships are Keren Bojorquez and Matt Salem.

>\$700
raised by
students

Faculty Awards

Assistant Professor

Mihai Ion joined the department in Fall 2014 and is the recipient of the 2016 Eller College Undergraduate Teaching Excellence Award. Mihai teaches investments to undergraduate students (FIN 421) and empirical finance methods to

graduate students (FIN 525). He has restructured both the content and the method in the investments course, a course required for every finance major. Mihai's new course design gives students Excel-based application of finance tools through practical examples to develop a

true understanding of the material.

Recipient of an Eller College Undergraduate Course Innovation Grant, **Lecturer Anjelina Belakovskaia** has been with the department for five years. She teaches derivatives courses for

undergraduate (FIN 422) and graduate students (FIN 522, FIN 524). Anjelina will use the grant to develop a weekly self-test for the undergraduate course that will provide students with immediate feedback on what has been mastered and areas that need special attention.

Faculty Research Update

- **Assistant Professor Mihai Ion's** paper "Policy and Uncertainty and Corporate Investment" (coauthored with Huseyin Gulen) was recently published in the *Review of Financial Studies* as the lead article and was selected as an "Editor's Choice" article. Mihai finds that political and regulatory policy uncertainty cause significant delays in investments by publicly traded firms and this effect is particularly strong for firms with product demand tied closely to government spending and firms that cannot easily reverse their investments.
- Prior studies find that investors can earn positive risk-adjusted returns by following a strategy that bets against beta—buying safe stocks and betting against more volatile stocks. **Assistant Professor Scott Cederburg's**

work shows that the appearance of abnormal returns is misleading and results from failing to account for how risk varies over time. The study, published in the *Journal of Finance* (coauthored with Michael O'Doherty), has important implications for the mutual funds and hedge funds that follow the strategy.

- **Assistant Professor Ryan Williams** (and his coauthor Costanza Meneghetti) examine whether firms near the cutoff for the Fortune 500 list (which is based on firm size) change their merger and acquisitions behavior to ensure they stay on (or join) the list. Their study, titled, "*Fortune Favors The Bold*", finds that firms close to the *Fortune's* cutoff are more likely to attempt to acquire other companies and these attempts result in worse mergers

adversely affecting shareholders. The study is forthcoming in the *Journal of Financial and Quantitative Analysis*.

- The popular press maintains that hedge funds follow the same strategies resulting in "crowded trades" that destabilize markets. In the first broad examination of this issue, **Professor Rick Sias** (and his coauthors, Harry Turtle and Bela Zykaj) examine the overlap in 4 million pairs of hedge fund portfolios (using SEC filings). Contrary to conventional wisdom, the authors find that hedge fund portfolios are remarkably independent and there is no evidence that hedge fund crowds destabilize equity markets. The paper was recently published in *Management Science*.



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Thank You to Professional Advisory Council Members

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 The Blackstone Group

CONGRATULATIONS UA GRADUATES

Chris Campisano, CFA, CAIA, UA finance alumnus, and Managing Director at Risk Premium Investment Management Co., inspires May 2016 graduates at the annual breakfast on May 12. Chris has been a member of the investment committee for the student-run portfolio for the past 14 years, a member of the Finance Department’s Professional Advisory Council for the last five years, and the mentor for the student Chicago Quantitative Alliance (CQA) Investment Challenge for the past three years.

Participate in the UA’s Arizona Now Campaign



The Campaign for
 The University of Arizona

Make Eller Greater

When you make a gift to Eller’s Finance Department, you help finance students place into top careers, facilitate real-world learning, and ensure that our students are taught by top faculty.

Visit MakeEllerGreater.com for more information and easy online giving.