



Nelson D. Civello, visiting professor of finance and professional advisor to the Golden Griffin Fund

Investing in the Future of Students

Visiting Professor Nelson D. Civello trades Wall Street for Main Street to initiate the first real-money, student-run, investment fund at Canisius.

For even the most savvy of financial advisors, predicting the constancy or volatility of today's stock market can often require exhaustive hours of research to track and scrutinize stock performances that will deliver clients a return on their investments. Certainly a little bit of prophetic financial flair also comes in handy but customers are essentially banking on the educational and professional experiences of their investment advisors when entrusting them to turn their hard earned money into a nest egg or college fund.

It can take years to become an investment guru and most often, the training begins at the college level. Hypothetical portfolios are a com-

mon part of the curriculum for students pursuing degrees in economics and finance. Canisius, however, is taking a more innovative approach to teaching investment management to its undergraduate finance majors with the initiation of the Golden Griffin Fund (GGF) – a student-run, investment-management course that gives future financiers the opportunity to test their stock market acumen by using *real* money to make *real* investments.

“From a functional standpoint, the Golden Griffin Fund operates like a mutual fund,” explains Nelson D. Civello, visiting professor of finance at Canisius and professional advisor to

the fund. “We buy a portfolio of stocks and manage them for a total return to our clients.”

A 1967 alumnus of Canisius, Civello is the brainchild behind the college's Golden Griffin Fund. The idea for the course, he says, is borrowed from the University of Minnesota where Civello taught after retiring as president of Dain Rauscher's Fixed Income Capital Markets Group and chair of The Bond Market Association, one of Wall Street's most influential trade associations and lobbying groups. At Minnesota, the student-run fund operates as an MBA program so students are much older and have much more professional experience.

Well aware of the quality education Canisius provided him as an economics major, Civello was certain a similar program could succeed here, at the undergraduate level. He says, "The top finance students at Canisius are as good as any university's top finance students." With that in mind, Civello pitched the idea of the Golden Griffin Fund to the Richard J. Wehle School of Business. In doing so, he received an endorsement for the course to begin this fall as well as the GGF's first, legitimate investment: a \$100,000 contribution from the college's \$43 million endowment fund.

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"Canisius College is extremely confident in this new course established by Nelson Civello and considers its contribution to the Golden Griffin Fund a sound educational and business investment," states Dr. Laurence W. Franz, the college's vice president for business and finance, and treasurer. "As long as the market cooperates, the program should generate some positive returns not just for the college as an investor but for the college as a competitive academic institution."

One of only a few such undergraduate courses in Western New York, the GGF is a legally organized and constituted investment fund. Just like the professionals, students are required to select potential companies in which to invest; create and manage portfolio holdings (stocks); analyze and recommend companies to add to the portfolio; and eventually grow the fund through the solicitation of new investors. The workload is intense and the expectation for students to make sound investments is even greater, so the GGF functions as a six-credit, 12-month course.

The majority of the first semester focused on rigorous corporate research. With approximately 8,000 stocks available just between the New York Stock Exchange and NASDAQ, the eight students and one graduate assistant in the course work in teams, sifting through the huge universe of companies and analyzing potential picks based on the criteria provided. The GGF, explains Civello, is a small to mid-cap, blend fund, which means the size of the companies selected must be small or mid-size in terms of

capitalization. Blend means they must be either value plays or growth stocks. In addition, the GGF is characterized as a regional fund and currently limited to five sectors: information technology, consumer discretionary, financials, health care and utilities.

"Students really must reach their own conclusions and make their own decisions when selecting a company in which to invest," notes Civello. "To do that, they are required to make site visits to the company; interview management, customers, suppliers and possible competitors; and do the real, sound research professionals do."

The semester culminated with each team selecting four stocks and presenting research reports on those stocks to an investment committee comprised of five investment professionals. The committee then selected which two of the four stocks the team should pursue. During the spring semester, students begin in-depth research on the committee's recommended stock selections and compose an investment thesis on each. The exercise mandates that students build financial earnings models of their companies, determine the intrinsic value of each and ascertain what its stock price should be versus its current trading price. Upon completion of their theses, the students will reconvene with the investment committee to recommend and defend their stock selections.

"The students can recommend a 'strong buy,' which would be a five percent or \$5,000 investment; a 'buy,' which is 2.5 percent or \$2,500; a 'monitor,' which means watch the stock rather than buy because of various issues; or students can recommend a 'sell,'" explains Dr. Richard A. Wall, CFA, professor of economics/finance and academic advisor to the GGF. "The investment committee then votes either ye or nay on each."

Based on the student recommendations and committee votes, a maximum of 10 stocks totaling 50 percent (or \$50,000) of the college's initial \$100,000 investment, will be purchased. As the spring semester draws to a close, the senior students pass the portfolio on to the subsequent class, which will spend the summer monitoring the recent investments, preparing reports on the status and earnings of the portfolio, and making recommendations for changing the fund's investments if appropriate. When they return in fall, the new class of seniors will tackle the same



Tim Sliwa '04



Gen Garcia, GGF Graduate Assistant



Erika Henderson '04

photos: Tom Wolf

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assignment as their predecessors: rigorous corporate research, site visits, investment theses and portfolio presentations – all in an effort to grow and diversify the Golden Griffin Fund.

Throughout the entire 12-month process, students are closely monitored by three faculty advisors and five professional mentors, who volunteer their time to assist students as they build the portfolio and make important investment-management decisions.

“The mentors are all investment professionals – people who do what we’re doing day-in and day-out – so they are a very critical part of the course,” states Wall. “Not only do they make up our investment committee for the fund but they also serve as advisors to the teams and students are encouraged to talk to them whenever they have questions or concerns.”

Over the course of the year, the mentors stay in frequent contact with their assigned students, often interacting at least once a week via phone, E-mail or even over lunch.

“One of the best parts of this program is having the professional mentors because they are actually out there working in our chosen field,” says finance major Erika Henderson '04, who is advised by Elizabeth Kolber '72 MSEd, first vice president wealth management advisor at Merrill Lynch. “The mentors don’t tell us what to do but they offer support, give us confidence and guide us using their experience and research.”

Kolber adds, “The students are all very enthusiastic. They’re working hard. They’re doing a great job. And through the involvement of the mentors, they are able to develop a very real, working knowledge as to what goes on in investment firms so when they apply for a job in their field, they’ll know exactly what to expect.”

Students running the Golden Griffin Fund also have a myriad of other resources available at their disposal; particularly the newly-created Financial Markets Lab, which looks and functions like a miniature trading room. Located in Old Main Room 111, the lab houses \$45,000 in multimedia equipment including eight PC workstations and cable-access television with a data projection screen. The showpiece of the room is a Bloomberg computer.



Used by professionals on Wall Street and throughout the financial markets industry, the Bloomberg terminal is considered the most powerful financial analysis computer in the world. It provides live market data from around the world, 24 hours a day, seven days a week. It computes and analyzes entire portfolios. And its database stores an infinite amount of information on virtually any traded company. Because the technology plays such an instrumental role in the course, Civello requires each GGF student to become Bloomberg certified at some point in the semester.

“It’s a little machine but it can do so many different things,” says Gen Garcia, a 2002 Canisius graduate who returned this fall to pursue her MBA. Garcia is the graduate assistant in the Golden Griffin Fund and one of the first in the course to receive Bloomberg certification. “I am definitely more proficient and less intimidated by it. It’s really helping me in the course and I’m sure it will make me much more attractive to potential employers.”

With so many advisors, mentors and technological tools at their disposal, students enrolled in the Golden Griffin Fund have little doubt they will be able to offer the Canisius College endowment fund – and future institutional investors – a return on their investment.

“We’re going to be working with real money here and although no one in the course really has any money because we’re college students, I think we are a very motivated group and fully understand the value of a dollar,” adds Garcia. “We are certainly going to do our best to invest the money we have been given and fully expect a return on our investment, as I’m sure the college does.”

Still, as Civello points out, the real value of the fund can be found in the educational experience students receive.

“At its core, the Golden Griffin Fund is an experiential learning course,” he says. “Certainly, we want the students and the investors to see a return but more importantly, our objective is to prepare students for the job market in a much more effective way than just pure academics. Students have to be able to take what they learned by

operating this fund and apply it in the real world. That real-world experience is what will make them stand out among potential employers and clients.”

Tim Sliwa '04 agrees. The finance major, who plans to work in New York City’s investment banking industry, says his participation in the course has already paid dividends for his future.

“Because this is one of only a few such undergraduate courses in the country, Canisius students who take the course graduate with a big advantage over other 21-year olds entering the job market,” states Sliwa. “In the recent internship interviews I had, the interviewers couldn’t believe how much I knew about the financial industry and how much real-world, professional experience I already have. They were blown away.”

Students, faculty advisors and mentors hope potential investors feel the same since they are key to growing the value of the program and the Golden Griffin Fund.

“If things work out well, students in the fund will be required to actually go out and solicit new, institutional investors such as banks, insurance companies and other money managers or funds,” says Civello, who adds that the Golden Griffin Fund can only be successful with the support and partnership of the local business community. “The infrastructure is in place for what we believe can become a much larger program and fund; one that will result in a distinguishing characteristic for our business school.”

The true test of the fund’s success, however, will be the placement of its graduates. And although the precise future of this first class is almost as unpredictable as the stock market, one thing is certain: These students will be prepared to become leaders in the investment world. ■