

Carlson Funds Enterprise

ABOUT THE CARLSON FUNDS ENTERPRISE

With more than \$25 million distributed between a fixed income fund and a small capitalization growth fund, the Carlson Funds Enterprise is one of the nation's largest student-driven investment funds. The program offers MBA students with an interest in the financial services industry an opportunity to enter their career with real-world knowledge and the experience of applying the latest theories and practices. Unlike most student-run investment funds, the Enterprise is supported by academics and professionals. Student analysts apply their theoretical knowledge through the insights of a team of practitioners with decades of combined experience in the investment industry. The funds under management come primarily from outside investors, not university-based endowments. Enterprise students and staff actively seek new investors. Since its 1998 inception, the Enterprise's growth fund has met with dramatic success, growing by more than 185 percent, while its benchmark has risen 39 percent over the same period. The fixed income fund is up approximately 17 percent on a gross basis, since its inception in March 2003, while its index is up slightly more than 18 percent. Performance numbers are current as of September 30, 2007.

WHAT THE FUNDS ENTERPRISE DOES

The Enterprise functions like a typical investment management firm. Each fund has a student managing director, and students handle regular responsibilities like marketing and client relations, operations, media relations, portfolio management, and technology management. Student analysts in the growth fund conduct in-depth, bottom-up, discounted cash flow analyses of small capitalization securities. Fixed income fund student analysts prepare credit analysis reports and conduct relative value analysis by sectors of the bond market, as well as preparing credit reports using a discounted cash flow methodology. Their work is carried out in a state-of-the-art financial lab equipped with the most current databases and market feeds.

Adding a new security to the Enterprise's portfolio may take months of research, site visits, and interviews with managers, customers, and suppliers. This work culminates in a recommendation to the Investment Oversight Committee. If the committee approves the recommendation, the Enterprise will acquire a position in the new security. Students then monitor the position's performance and make buy and sell decisions.

THE FUNDS ENTERPRISE EXPERIENCE

THE ENTERPRISE CLASS

Student analysts attend a Funds Enterprise class on Tuesday and Thursday mornings. This class covers specific portfolio discussions/decisions and complements that with interactive discussions on the issues students are facing in their project work.

A CAREER INVESTMENT

Through their work in the Enterprise, student analysts make priceless career connections. Teams of students work with professional mentors who are actively engaged in the Twin Cities investment community. And, the Enterprise's staff employs its network of business connections to link students to jobs.

The Enterprise manages investments from many of the financial services firms who have operations in the Twin Cities. These investors are passionate about educating and hiring top MBA students. Many times they employ graduates of the Enterprise in areas such as corporate finance, securities research, investment banking, strategic planning, commercial lending, financial services, and marketing. Students work in the Enterprise and explore all the functional areas of a company, which helps prepare them for a wide variety of career paths.

THE APPLICATION PROCESS

Full-Time MBA students apply to the Carlson School Enterprises during the second semester of their first year in the program. The application consists of a few short forms, a brief case study, and an interview. A maximum of

30 students are accepted to the Funds Enterprise. A select number of undergraduate students who have a specific interest in investment management are also accepted into the Enterprise each year.

PREPARATORY COURSEWORK

There are no specific requirements for entering the Funds Enterprise, but it is highly recommended that student analysts enroll in most of the following coursework:

- > FINA 6241: Corporate Finance Analysis and Decisions
- > ACCT 6100: Financial Statement Analysis
- > FINA 6121: Debt Markets, Interest Rates, and Hedging
- > FINA 6322: Financial Performance and Security Analysis
- > FINA 6324: Securitization Markets
- > FINA 6323: Advanced Security Analysis
- > FINA 6242: Advanced Corporate Finance Analysis and Decisions
- > MGMT 6031: Industry Analysis and Competitive Strategy

CREDIT HOURS

Although the program is worth six credit hours, most MBA student analysts find they devote more than 10 hours a week to the Funds Enterprise. Students' final grade in the program measures their work in the Enterprise class and as an analyst.

THE STAFF

The Carlson Funds Enterprise is staffed by a group of practitioners and academics. The Enterprise's professional advisors come with a wealth of experience that complements the training offered by the academic directors.

Tim Nantell, Academic Director

Tim Nantell is a professor of finance at the Carlson School, where he has served on the faculty for 26 years. He was also a primary founder of the Funds Enterprise. His research interests have focused on valuation models and their application, and his early research included work on the relationship between risk and return in the capital markets, measuring the cost of capital and corporate restructuring. Prior to joining the Carlson School, he spent nine years on the faculty of the University of Michigan Graduate School of Business. He holds an MBA and doctorate from the University of Wisconsin.

Joe Barsky, Program Director

Prior to joining the Carlson School, Joe spent more than 30 years in the securities industry. From 1979 to 2002 he worked for American Express Financial Advisors, most recently as the firm's vice president of mutual fund equities, managing the equity portfolio management, research, and trading areas. Previously, he was a securities analyst for CoreStates Investment Advisors and Wilmington Trust Company. He is a CFA and has his MBA from the Ross School of Business at the University of Michigan.

Jeannette Parr, Professional Advisor, Fixed Income Fund

Jeannette has 17 years of experience in the investment industry as an analyst and portfolio manager, the last 10 of which were with American Express, where she served as vice president and portfolio manager, fixed income. She was responsible for managing several institutional pension, profit-sharing, and endowment funds with a total return mandate. Her group's assets totaled \$10 billion, and she also managed a balanced mutual fund with fixed income assets of \$175 million. Her areas of expertise are in investment grade and high yield bonds. She is a CFA and has her MBA from the Carlson School.

TO LEARN MORE

To learn more about the Carlson Funds Enterprise, visit carlsonschool.umn.edu/funds or call 612-624-4199.