



Finance Club Newsletter

JOHNS HOPKINS
UNIVERSITY

Carey Business School

MAY-AUGUST 2008

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Finance Club – Another Successful Year

By Vik Subbu

The Carey Business School Finance Club has completed another successful year, thanks to the support of our growing student base and increased faculty recognition. As the Carey Business School continues to develop into one of the nation's leading business schools, we believe the Club will always play an integral part in its success. The best part is...we're just getting started!

Over the last year, we have forged relationships with other local universities and have taken the first steps to build an alliance with students from the Finance Club of the Johns Hopkins School of Advanced International Studies (SAIS). These are just a couple of the Club's activities in building professional bridges that will benefit the Carey Business School students in the long run. In addition, we were able to attract one of the biggest names in the financial sector, Mr. Alfred Berkeley III, to speak at our inaugural event. Such industry relationships add value to our Club and help students in their career development. We will continue to bring such leaders to the Club in the future. As we advance into our third year, we invite all Carey Business students and alumni to provide feedback and participation.

Our officers have been working with Johns Hopkins faculty and administration on new initiatives. One involves working with start-up companies and another is aimed at managing money. So stay tuned and keep up to date with these developments by joining the Carey Business School Finance Club.

Enjoy the rest of the summer.

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Year in Review: 2007-2008

By Fernando Boccanera

The 2007-2008 year was phenomenal for the Finance Club. We put together a strong organization and were able to organize the most events ever, including the highly successful Industry Leader Lecture. Here is a sample of our accomplishments:

- Developed a one-year plan based on the results of a member's survey
- Established a calendar of events for a whole semester
- Expanded and reformed the structure of the Executive Committee (EC)
- Published five bi-monthly newsletters
- Communicated more frequently with members
- Developed a strong relationship with the School
- Established partnerships with GW and SAIS
- Organized 10 events
- Kept the Web site updated throughout the year
- Increased the membership
- Approved several amendments to the bylaws

As you can see, the EC was very busy throughout the year. Many of our tasks were administrative and organizational in nature. Although these tasks were not readily visible to members, they were fundamentally important because they provided the foundation that allowed the EC to take on many initiatives.

The major event and the culmination of a banner year was the Industry Leader Lecture by Alfred Berkeley III. The event was a great success, with an attendance of about 115.

The Value of Specialization Is Highlighted in Inaugural Industry Leader Speech

By Paul Dykewicz

The first Carey Business School Finance Club Industry Leader Lecture drew more than 115 students, key faculty members, Dean Yash Gupta and others from the John Hopkins administration to hear former NASDAQ President Alfred Berkeley III explain that great value exists in focusing on a "very narrow" niche that offers growth huge potential.

The event was the biggest ever organized by the Finance Club and paves the way for a follow-up lecture next spring that also will feature another accomplished business leader. Berkeley provided first hand accounts of how he put that formula to use repeatedly during his finance career of more than 30 years.

He currently is proving the merit of that simple but powerful concept as the president of Pipeline Trading Systems LLC, a company that enables institutions and brokerage firms to trade blocks of stocks, American depository receipts (ADRs), and exchange-traded funds (ETFs). Pipeline has a unique business that uses proprietary technology to maintain a hidden book of large, executable limit orders aimed at providing fair pricing and timely completion of trades.

The company facilitates interaction between traders by creating a market for buyers and sellers to find each other anonymously and to execute trades without the seller artificially marking up the prices of the securities.

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Unscrupulous trading in the past effectively created a niche for Pipeline to enter the market and gain customers. Doing business with integrity was a key to his professional achievements, Berkeley said.

He also seized growth opportunities as the president and vice chairman at NASDAQ Stock Market Inc., the world's largest electronic stock market, and as co-founder during 1975 of the technology group at Baltimore-based financial services company Alex. Brown & Sons, now part of Deutsche Banc. His time at NASDAQ spanned June 1996 and August 2003, following his tenure as a managing director at Alex. Brown & Sons, which merged with Bankers Trust in 1997 and Deutsche Bank in 1999.

His arrival at NASDAQ followed a period of trading irregularities that left the organization looking for a new leader who had not directly worked in trading but had a track record of building good business relationships and doing business ethically, he recalled. Concerns about the professional conduct of traders at the time led NASDAQ to look for someone who was scandal-free, Berkeley said during his April 17 address, "Technological, Market and Data Advances Affecting Job Opportunities in the Investment Industry."

While at NASDAQ, the cost per trading transaction fell from \$5 to 3 cents through the use of enhanced trading automation technology, Berkeley said. As a result, NASDAQ's profits and revenues jumped, he added.

In his speech, Berkeley discussed his role in building the technology investment banking business at Alex. Brown, which carved out

particular expertise in software technology - an area that was not well served at that time. Berkeley told attendees about how Alex. Brown totaled about 500 financial offerings for its technology clients under his watch.

He also warned against becoming complacent in the workplace. Investment banking giant Goldman Sachs took the specialization concept a step further by targeting just one promising software company, Microsoft. Goldman Sachs recognized the importance of that particular software company and assigned one person full-time to track that organization and its developments. It paid off handsomely when Microsoft turned to the investment bank repeatedly as it needed financing during its meteoric rise to become arguably the world's most successful company.

For students who will be looking for jobs or career changes, Berkeley advised them to recognize the important role of regulation in the financial industry as they seek opportunities. He cautioned that the business model for equity research analysts has been "destroyed" by new laws that disconnected investment banking revenues from funding equity research. The change was meant to insulate equity research from the pressures of investment banking operations in recommending stocks but it left a void in covering the expense of research analysts, he added.

"We have not figured out a way to pay analysts very well," Berkeley said. Many equity analysts have moved into the hedge fund industry and now use their knowledge

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about specific sectors to invest directly in the most promising companies that they track.

A “crying need” remains for disseminating information about public companies, Berkeley said.

“Computers can’t consider exogenous factors very well,” Berkeley said.

One area that should offer a niche for students who transition into the investment workplace is picking stocks at the lowest levels for retail investors. As the population ages, such investment guidance will become increasingly important, Berkeley said.

“The smartest traders will always have a role,” Berkeley said. The other traders will be outperformed by computers, he added.

In addition, he said to beware of scam artists in the financial industry.

“Fair markets are only fair if there is a cop on the beat,” Berkeley said. That is why regulation is so important to the proper functioning of financial markets, he explained.

Technology advances to keep markets honest need to occur faster than crooks can find ways to exploit the financial system, Berkeley said.

The current credit market crisis shows that risk management is a skill that should be practiced at all times. Financial executives who overlooked the risk of borrowing short and lending long ended up leading their companies into severe credit problems that caused many firms in recent months to seek additional capital or a buyer.

A Johns Hopkins University trustee, Berkeley earned his MBA from another fine academic institution, the prestigious Wharton School of Finance at the University of Pennsylvania. He also graduated from the University of Virginia, with a Bachelor of Arts degree, and served as an officer in the United States Air Force.

The first annual Industry Leaders speech of the Carey Business School Finance Club brought to fruition a dream envisioned by Finance Department faculty member Dr. Celso Brunetti. He served as the club’s advisor during its critical start-up phase. His vision was supported by other Finance Department members, particularly Dr. Ken Yook, the department chairman. Both Dr. Brunetti and Dr. Yook attended the speech and encouraged their students to do likewise, as did Dr. Michael McMillan, the Finance Club’s current advisor. Carey Business School staffers who attended the speech included Jennifer Dotzenrod, director of student services, Elena Thompson, director of alumni relations, and Marnie Fallon, an academic advisor.

The lecture also served as a swan song of sorts for three Finance Club Executive Committee members who were among its founders. Fernando Boccanera, the 2007-2008 president and 2006-2007 Webmaster, Vik Subba, the 2007-2008 vice president, and Zenora Kahn, the 2007-2008 industry advisory council liaison, all devoted considerable time to club during the two years that they each served as Executive Committee members. They also were instrumental in spearheading the inaugural Industry Leader Lecture.

Efforts already have begun to recruit a top speaker for the 2008 Industry Leader Lecture. Watch for future updates and announcements.

Seeking New Executive Team Members

By Paul Dykewicz

Now is a great time to express your interest in serving on the Carey Business School Finance Club Executive Committee. The Finance Club has several positions open and is seeking capable students or alumni to fill these key roles.

Positions still available at press time include: **Webmaster, Marketing Director, and Communications Director**. We also are looking for someone to serve in a non-Executive Committee position as our **newsletter editor**. The latter role would not require participation in Executive Committee meetings nor involve the same weekly time commitment. Executive Committee members, we have found through experience, typically average three to five hours a week of volunteer time but it depends on what is scheduled during a given week. You certainly can plan your volunteer time around your exam preparation, classes, and group meetings, so do not be deterred from participating.

Volunteers in the Finance Club have a great way to develop relationships with Carey Business School students, alumni, faculty and administrators. If you value these kinds of networking opportunities, you may want to volunteer for the coming school year. To express your interest in volunteering, send an e-mail with your contact information and the position you prefer to FinanceClub@jhu.edu.

2008-2009 Executive Committee

President	Paul Dykewicz
Secretary	Judy Slater
Treasurer	Renata Marcinkowska
Industry Director	Niki Doshi
Career Director	Edward Tuviv
Event Director	Ezio Mattiace
Investments Director	Junaid Sukhera
Director At-Large	Fernando Boccanera
Webmaster	vacant
Communications Director	vacant
Marketing Director	vacant