

Marquette University's Applied Investment Management Program

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Newsletter

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AIM Program Director Visits Area Investment Companies

Krause Meeting with Program Supporters

Since joining Marquette on June 15th, David Krause, Director of the Applied Investment Management (AIM) program, has been calling on numerous investment management firms in Milwaukee and Chicago. He reports that the AIM program is being well received by the investment community.

Krause has met with various individuals from Baird, US Bancorp, Stark Investments, Northern Oak Capital, Artisan Partners, Wachovia Securities, Fortress Partners Capital Management, Addison-Clifton, MBO Cleary, Morningstar, Kape Trading, Merrill Lynch and Deerfield Capital. He has other visits planned during August and September. According to Krause, "My goal is to go out and meet as many members of the investment management community as possible – spreading the word about Marquette's AIM program."

To date, Krause has been successful in identifying numerous organizations who are interested in providing summer internships and outside speakers in the classroom. He is also obtaining ideas about how to best structure the research room and which investment research tools and techniques to include in the curriculum.

If you would like to talk with Dr. Krause about the AIM program, please feel free to contact him at (414) 288-1457 or david.krause@marquette.edu. He is interested in talking with as many investment professionals in the Milwaukee and Chicago area as possible.

AIM Curriculum Coming Into Focus

Four Unique AIM Courses to be Offered

According to Krause, "The AIM curriculum will be grounded in the practice of the investment profession and based on the CFA's core body of knowledge." It will embody elements of the College of Business Administration's mission statement, such as closer ties to the community, increased relevance, and interdisciplinary coursework. In addition to the regular finance courses, there are four unique AIM courses:

- **Introduction to Applied Investment Management** covers investment policy and strategy, securities regulation, and the mechanics of the financial markets.
- **Research and Financial Analysis** provides students a thorough understanding of key investment tools including quantitative research methods, economic relationships, and financial statement analysis.
- **Valuation and Portfolio Management** includes the common approaches to valuing assets, the basic measurements of risk and return, and the key elements of the portfolio management process.
- **Investment Management, Ethics, and Society** emphasizes how to manage investments in a manner that is both ethical and socially responsible. This course is planned, subject to approval by the college faculty, as a substitute for the required business ethics course.

Funding of Student-Managed Portfolio

Students Will Benefit from Real Market Experiences

John Hansen, Vice President of Finance, recently indicated that Marquette will provide \$500,000 of university endowment funds to be managed within the AIM program. The student-managed portfolio will provide AIM program students an opportunity to blend academic rigor with “real world” fund management experience. The portfolio will consist of equity and fixed-income securities.

“This is an important commitment that signals Marquette’s strong support for the AIM program,” commented Dr. Cheryl Maranto, Acting Dean of the College of Business Administration. “The magnitude of the University’s commitment will greatly enhance the learning experience of our students.”

The students will be required to meet the same basic performance guidelines as the debt and equity accounts in the University’s investment pool. Fund managers will seek to achieve the highest level of return while maintaining a risk profile in line with the University’s policies and objectives. The students will recommend a targeted portfolio of debt and equity securities from a broad set of industries, investing in well-managed, profitable businesses without unnecessarily exposing the fund to economic or industry risks.

The fund will be managed by the students during their senior year – following a summer internship. Students will ‘work’ as analysts concentrating on one of 10 economic sectors. Each student will develop a fully-integrated investment review, based on a top-down approach incorporating extensive economic, industry, and company-specific analysis. Once the economic and industry analyses are complete, they will research specific companies for potential investment.

Each student will present their research findings and recommendations to the other analysts and then to the AIM Investment Committee. The students will perform most of the administrative tasks of portfolio management, such as compliance monitoring, accounting, and producing an annual report.

AIM Program Receives Important Commitment from Morningstar, Inc.

Software to be Housed in the Research Center

On July 23, 2004, a substantial gift was committed to the AIM program by Morningstar, Inc., a leading provider of independent investment research. The company, located in Chicago, offers an extensive line of Internet, software, and print-based products for individual investors, financial advisors, and institutional clients. Their web site is: <http://www.morningstar.com/>.

The commitment to the AIM program was directed by Tao Huang, Morningstar’s Chief Operating Officer (1991 Marquette graduate). “Access to Morningstar’s financial databases and software is a huge first step in advancing our plans for the research room,” said Dr. David Krause, AIM Director. Morningstar analysts cover more than 3,000 stocks and mutual funds. The gift includes:

- **Morningstar.com premium subscriptions.** These subscriptions will provide real-time access to thousands of independent research analyst reports, portfolio optimization tools, and e-mail alert services.
- **Morningstar DataLab / Direct Subscription.** Morningstar’s research tool, DataLab / Direct, is a high powered database used by institutional analysts and portfolio managers. It allows an analyst to investigate portfolio performance, fund composition, and underlying cost structures. The software allows the researcher to compare portfolio performance relative to benchmarks and other funds with similar investment styles and objectives.
- **Morningstar Advisor Workstation Subscriptions.** Morningstar’s Advisor Workstation is a web-based product that connects front-office investment research and portfolio management tools with back-office portfolio accounting and reporting functions. This tool will allow AIM students to create investment policy, manage a portfolio, and produce sophisticated investment reports and presentations.

Students Apply to AIM Program in Fall Semester

First AIM Class to Meet in Spring 2005

Students will apply to the AIM program during the fall semester of their junior year (while enrolled in FINA 180 – *Corporate Finance* and ACCO 120 – *Intermediate Accounting*) and notification of acceptance occurs at the end of the fall semester. Acceptance into the Applied Investment Management program will be based on:

- Grades earned through the fall semester,
- Resume and letters of recommendation,
- Application essay, and
- Interview.

The successful applicant will have a strong intellect, an active curiosity about the investment industry, a demonstrated record of academic achievement, a well-conceived plan for their future, and good analytic and communication skills. Students interested in enrolling in the AIM program will be required to submit a formal application to the Director. The selection process will be competitive and applicants will be evaluated by an AIM Admissions Committee, which is composed of investment company representatives, members of the Finance faculty, and the program Director.

It is expected that between 8 and 12 students will be enrolled in the first AIM course which will commence in January 2005.

AIM Web Site and Promotional Materials

The AIM web site is: www.busadm.mu.edu/aim

Promotion of the AIM program will begin when students return for the fall semester. AIM brochures, newspaper articles, and other promotional materials will be utilized to attract attention to the program.

AIM Advisors and Outside Speakers Sought

Numerous individuals and organizations have contributed to the development of the AIM program. They recognize that the program is an excellent opportunity to build a strategic partnership between the investment community and Marquette University's College of Business Administration.

Presently, the AIM program is seeking advisors and outside speakers to help assure that students receive a relevant, experience-laden education. If you are interested in being an advisor or outside speaker in the AIM program, please contact the Director, Dr. David Krause.



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