Educated Investing

MPSIF: An Introduction to Our Very Own Investment Fund

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As the incoming MPSIF President, I would like to thank our returning members and recent graduates for their contributions and welcome the newest members of the Fund. Under the leadership of spring semester President Raymond Li and Professor Marciano, the Fund outperformed on a relative basis, student learning was strong, and the Fund increased its exposure both internally and externally. We look to build on this positive momentum in the fall semester.

With current high levels of market volatility, this is not a time where investors are bored. The last year presented many extreme challenges including the credit crunch, record high oil prices and the fall of the GSEs, all contributing to bear market level stock declines.

Prior to the summer break, MPSIF analysts instituted stop loss positions for most of the Fund’s positions. This proved to be a helpful decision as we were selling as the markets continued lower, with the result that our portfolio did not suffer the full pain felt by many investors.

Uncertainty creates opportunity and we will use student economic and sector presentations to help our analysts generate stock specific ideas. I am truly impressed with this year's roster (highlighted below), and look forward to some outstanding pitches through the course of the semester to help put our currently high levels of cash positions to work.

MPSIF portfolio managers and analysts will search for high quality value stocks that might have been unfairly punished by the headlines and growth stocks that might benefit from longer-term secular trends, but are less expensively priced due to shorter-term cyclical weakness. Also, given the political season, understanding what actual or perceived change in Washington might mean for various sectors may increasingly be relevant for stock prices and sector allocations at the PM level.

It all makes for an exciting year ahead for stock-pickers, and should provide a great learning experience for MPSIF members.
ABOUT MPSIF

With nearly $1.8 million currently under management, the Michael Price Student Investment Fund ("MPSIF" or "the Funds") is a family of funds managed directly by NYU Stern MBA students. The Funds, part of the overall NYU endowment, were established in 1999 through a generous gift from legendary investor, Michael Price, Managing Partner, MFP Investors, and former Chairman of Franklin Mutual Series Funds.

The Michael Price Student Investment Fund provides Stern MBA students with hands on experience managing real funds with significant assets. For diversification purposes, MPSIF is divided into three equity funds - Growth, Value and Small Cap - and one Fixed Income Fund. While each sub-fund has its own performance benchmark (Russell 1000 Growth Index, Russell 1000 Value Index, Russell 2000 and the Vanguard Total Bond Index, respectively), MPSIF's primary goal is to deliver overall positive returns.

Students participate in MPSIF through a two-semester capstone course, Managing Investment Funds (B55.3320), that requires students to draw on their knowledge of finance as well as macroeconomics, accounting, competitive analysis, strategy, marketing and other fields peripheral to investing. As a 1st semester analyst for the MPSIF you will be assigned to one of the three equity funds, with the ability to also participate in the Fixed Income fund, and will be learning the investment process from the 2nd semester Stern students. In addition to getting acclimated with the fund's procedures, you will also take on the responsibilities required of an analyst, which include ownership and management of your designated portfolio companies, presenting at least one stock pitch on a company you found through the screening process with either a buy or sell recommendation, and other MPSIF fiduciary tasks associated with the governance of a university endowment fund (portfolio analytics, constructing the annual report, contributing to the monthly newsletter, etc.). An additional benefit of participating in MPSIF is the competitive advantage this unique experience provides when interviewing for summer internships or full-time employment.

MPSIF has been featured prominently on CNBC in the past as well as TheStreet.com, a leading provider of business and investment content. Admission to MPSIF is competitive. Only about 50 students are members of MPSIF and demand customarily exceeds this number. An Info session will be held for all interested candidates in late October/Early November to learn more about the fund and the application process.