Course Outline
B40.3124.30
M 6:00-9:00
INVESTMENT PHILOSOPHIES
Kerschner, E.

The class will offer perspectives on: 1) techniques for managing investments for mutual funds, institutional funds and not-for-profits, as well as 2) the current economic and market environment. Each session will have one or more guest speakers. Each class will begin with the speaker making a presentation, during which active class interaction is encouraged. Students will be expected to have read materials provided by speakers in advance as well as other relevant materials obtained on your own. Active class participation is encouraged.

Speakers:
(Note: unforeseeable commitments could lead to a change in speakers)

April 4, 2005
Ed Kerschner – Citigroup Global Markets Inc./Smith Barney
Edward M. Kerschner, CFA, is the chief investment officer and chairman of the investment policy committee for Smith Barney. He has more than 30 years of experience in the securities industry, beginning his career in 1974 with Cowen & Co. He joined PaineWebber in 1982 as chief investment strategist and chairman of the investment policy committee. Upon the UBS AG acquisition of Paine Webber in 2000, Mr. Kerschner was the chief global strategist for UBS Investment Research. Since 2001, Mr. Kerschner has been adjunct professor of finance at New York University, Leonard N. Stern School of Business. Institutional Investor magazine has called Mr. Kerschner "one of the deans of thematic investing." As Mr. Kerschner explains it, thematic investing analyzes how demographic, technological and political trends will affect financial markets, and identifies market sectors and individual securities that will benefit. Mr. Kerschner received a B.S. degree from the New York University School of Engineering and Science and an M.B.A. degree from the New York University Graduate School of Business Administration.

April 11, 2005
Jack Laporte – T Rowe Price
Richard Hoey -- Dreyfus Funds

Richard B. Hoey is chief economist and chief investment strategist of The Dreyfus Corporation, as well as chief economist and senior vice president of Mellon Financial Corporation. Mr. Hoey joined Dreyfus in 1991 as chief economist. He was appointed chief economist of Mellon Financial Corporation and chief investment strategist for Dreyfus in July 1999. Earlier in his career at Dreyfus, Mr. Hoey started and managed three equity mutual funds, which grew to over $2 billion in size. Mr. Hoey is responsible for monitoring all aspects of the economic environment for Mellon and Dreyfus including the U.S. economy, the global economy and currencies. He works closely with the heads of various specialized equity and fixed income teams at Mellon and Dreyfus. Mr. Hoey also serves as a principal spokesman for Mellon and Dreyfus on economic and investment issues. Previously, Mr. Hoey spent nearly two decades as a chief economist, portfolio strategist and a member of both the investment policy and stock selection committees of a number of leading investment firms, including Prudential-Bache, A.G. Becker and Drexel Burnham Lambert. At the beginning of his career on Wall Street, he was co-owner and portfolio manager at an investment counsel firm which managed balanced accounts investing in blue chip stocks, special situations, convertible securities and growth stocks and acted as advisor on private placement financing. Mr. Hoey is a familiar face on financial news networks. He is a frequent guest co-host of CNBC's Squawk Box, and can be seen regularly on CNN, Fox News and Bloomberg. Mr. Hoey graduated from Yale College where he earned a B.A. in politics and economics in 1965 and from New York University Graduate School of Business Administration where he earned an M.B.A. in investments in 1967.

Jaine Mehring /Charles Boorady – Smith Barney/Citigroup

Jaine Mehring is the Associate Director of Research for the Consumer, Retailing, Financials and Healthcare sectors of the US Equity Research division of Smith Barney/Citigroup. Over the past 15 years Jaine has developed extensive industry experience. Beginning in 1988, when she was employed with Sanford Bernstein as a Research Associate in the Beverage and Tobacco sector and then following on to Prudential Securities from 1990-1994 as the Specialty Chemicals Analyst. In 1994, Jaine joined Smith Barney as the Specialty Chemicals Analyst and after only two years with the company was promoted to Managing Director and became Smith Barney's US Food Analyst. Jaine received her Bachelor of Arts degree in English Literature from Yale University in 1983 and later received her MBA in Finance from Cornell University in 1988.

Charles Boorady is the Managed Care investment research analyst with Smith Barney specializing in the employee benefits sector with a focus on health insurance. Charles ranked No. 1 in two of the last three years in the All-America Institutional Investor magazine survey of analysts and ranked runner-up or above since 1999. He joined Smith Barney in July 2002 from Goldman Sachs. Charles
has over ten years of health care equity research experience on Wall Street. Prior to business school, Charles was a consultant with Accenture in the Financial Services Group, where he provided operations reengineering and computer systems related consulting services to financial services corporations. Charles received his Bachelor of Science degree in Engineering from Cornell University in 1986 and an M.B.A. degree in Analytic Finance and Statistics from the University of Chicago Graduate School of Business in 1994.

May 2, 2005
Thomas Luddy – J.P. Morgan Chase
Thomas Luddy, managing director, is a portfolio manager in the U.S. Equity Group with 26 years of industry experience. An employee since 1976, Tom has held numerous key positions in the firm, including Global Head of Equity, Head of Equity Research and Chief Investment Officer. He began as an equity research analyst, becoming a portfolio manager in 1982 and has managed portfolios in his various roles for most of the past 18 years. Tom holds a B.S. in economics and mathematics from St. Peter's College and an M.B.A. from the Wharton School of the University of Pennsylvania. He is also a CFA charterholder.

May 9, 2005
Bill Miller -- Legg Mason
Bill Miller is the portfolio manager of Legg Mason Value Trust and Legg Mason Opportunity Trust, and he is the CEO of Legg Mason Funds Management, Inc. After graduating with an economics degree from Washington & Lee University in 1972, Bill served as a military intelligence officer overseas, and then pursued graduate studies in the Ph.D. program in philosophy at The Johns Hopkins University. Prior to joining Legg Mason in 1981, Bill served as Treasurer of the J.E. Baker Company, a major manufacturer of products for the steel and cement industries. In addition, he is on the Board of Trustees at the Santa Fe Institute, a leading center for multi-disciplinary research in complex systems theory. Bill was Director of Research for Legg Mason from October 1981 through June 1985. He has been the sole portfolio manager of Value Trust since 1990 and served as co-manager of the fund from its inception in 1982 until 1990. He was co-manager of Total Return Trust, which has since merged with American Leading Companies Trust, from 1992 to 1997, and he served as sole manager of the fund from 1990 to 1992. Since its inception in 1985 until 2001, Bill was primarily responsible for the day-to-day management of Special Investment Trust, which is now managed by Lisa Rapuano.

Edward M. Kerschner
Business Background: Mr. Kerschner, 51, has more than 25 years of experience in the securities industry. Mr. Kerschner is the Chief Investment Officer and Chairman of the Investment Policy Committee for Citigroup Smith Barney. He began his investment career in 1974 with Cowen & Co., and then
joined PaineWebber in 1982 as Chief Investment Strategist and Chairman of the Investment Policy Committee. Upon the 2000 UBS AG acquisition of PaineWebber Incorporated through 2003, Mr. Kerschner was the Chief Global Strategist for UBS Investment Research. Since 2001, Mr. Kerschner has been Adjunct Professor of Finance at New York University, Leonard N. Stern School of Business.

**Educational Background:** New York University Graduate School of Business Administration, MBA; New York University School of Engineering and Science, BS.

**Recent Endorsements:** Edward Kerschner is perennially viewed as a top strategist on Wall Street, and has garnered praise for his market calls, and his thematic approach to investing. Mr. Kerschner has been called “a serious student of the relationships in the financial markets who has used his investment models to make some seriously good calls.” While the financial community has found fault with some “Wall Street gurus (who) often shroud their predictions in enough mist that they later can claim they were right, no matter what happens.” Mr. Kerschner has been credited for being “unusually blunt.” In that regard, Mr. Kerschner “won points with investors by turning strongly negative on stocks before the 1987 stock crash.” It was later noted that, “as stocks soared, just before the plunge, a few analysts saw signs crying ‘sell!’...With the precision of a seismograph, Mr. Kerschner’s indicators showed the stock market was headed for a fall.” Mr. Kerschner, whose quantitative approach to analyzing the market “has a strong track record,” has won “plaudits for expert stock market timing,” and has been called the “Best Market Timer.” One study noted that “a decade of results throws cold water on the notion that strategists exhibit any special ability to time the markets. . . . To be sure, Edward Kerschner of PaineWebber Group Inc. has a knack for timing.” Mr. Kerschner has been called “the true visionary of the great bull market of the ’90s. Consider: Kerschner called the 1987 stock market correction . . . . During the 1991 recession, he argued that consumers would start spending again, and he recognized early on that baby boomers would start saving for retirement and that there would be a ‘big shift’ into equities. Last October (1998), in the midst of the correction, he was one of the few strategists who said the market would rebound from its lows. Even his own brokers were questioning his bullishness, and there were rumblings around his office that perhaps Kerschner had lost his touch. But he stuck to his guns and kept telling people to buy, claiming he had never seen as good an opportunity.” At the end of the 1990s, it was noted that “Ed Kerschner has been consistently correct about the direction of this market for more than a decade now . . .” Mr. Kerschner has also been called “one of the deans of thematic investing.” To explain the concept of thematic investing, a leading business publication posed a question: “So what good are strategists, anyway—apart from their roles as firm spokesperson and TV talking head? Well, the good ones—the really good ones— can often point to specific stock groups that will shine over the long haul. And the strategist who does it best is Ed Kerschner of Paine Webber.” Over the years, Mr. Kerschner’s thematic approach to investing has won the support of
clients. In 1998, it was noted that “as [Kerschner] anticipated, the ‘gorillas’ are increasingly dominant in what has become a largely big-cap market. And the consumer recovery he championed has, as one supporter puts it, ‘played out in spades.’ Kerschner rightly backed information-age technology stocks and was selective on Internet ventures. ‘Ed's been so consistently right,’ says one client admiringly, ‘it's been fun to watch him work.’” 14 In 1999, another client commented that “He's always trying to get a little more deep than just the surface stuff. He's great for thematic investing,” citing Kerschner's work on such concepts as the technology revolution and the country's aging population in major research reports. 15 Some observers said that Mr. Kerschner “really earned his stripes . . . when he called the top in the Nasdaq back in March (2000)” 16 Another commentator noted that Kerschner’s remarks in his market commentary of March 12, 2000 were “remarkably prescient,” 17 noting the extreme disparity in valuations among smokestack America, established technology companies and the “new new industrials.” “What’s impressive isn’t so much that Kerschner turned out to be right…but, his reasoning is persuasive.” 18

1 June 1985, Wall Street Week's Louis Rukeyser
2 The Wall Street Journal (7/31/96)
3 The Wall Street Journal (7/31/96)
4 The Wall Street Journal (7/31/96)
5 The New York Times (11/8/87)
6 The Wall Street Journal (7/31/96)
7 The Wall Street Journal (3/12/92)
8 The Wall Street Journal (7/31/91)
9 The Wall Street Journal (1/30/97)
10 Smart Money (7/99)
11 CNN Moneyline Newshour (10/23/00)
12 Institutional Investor, October 2000
13 Fortune Magazine (7/24/00)
14 Institutional Investor (October 1998)
15 Institutional Investor (October 1999)
16 CNN Moneyline Newshour (10/23/00)
17 Smart Money (1/16/01)
18 Smart Money (1/16/01)