Athletes in Finance

Pictured Left to Right: Bryan Thomas, Angela Tincher, Kristi Sieber, & Richard Graham
Not Pictured: Millie Campbell, James Carroll, Sean Glennon
Access National Bank sponsored this newsletter to facilitate the convergence of common interests. The bank handles corporate and personal banking services for VT Finance Alumni and seeks to expand that client base. For the past several years, the bank has provided real world outreach support to VT Finance academic staff. Access National actively recruits VT Finance graduates for its Corporate Development Program and other professional positions. The company counts 15 Hokie graduates among its employment base of 300 and is actively recruiting to support continued expansion.

The bank serves emerging businesses with annual revenue of up to $50 million located mostly in the Mid-Atlantic Region. The bank provides asset based lines of credit, business acquisition, term debt financing, and commercial real estate loans. Loan sizes are $50,000 to $10 million. The company provides extensive cash management and internet banking capabilities. Private banking services are provided to executives of its business clientele and other professional, including VT Finance officials in all capacities.

Reston, Virginia based Access National Bank has $650 million in assets and is a wholly owned subsidiary of Access National Corporation. The company is listed on NASDAQ Global Market under the symbol ANCX. One of the 15 Hokie graduates currently employed with Access National is Michael Clarke, CEO, and a 1983 graduate of VT Finance.

The bank may be reached at (703) 871-2101 or mclarke@accessnationalbank.com.
One could say that a finance degree from a top business school or playing a Division I NCAA sport is challenge enough, but for a select few individuals they require the additional challenge of doing both. As Sean Glennon (football, quarterback) said, “I actually do better in school during the playing season than I do the off-season – it is all about time management.” Time management, commitment, discipline, and goals are common themes among these student-athletes. As Richard Graham (football, offensive guard) commented, “in business classes we talk a lot about optimization and maximization of profits. With that in mind, I try to take every opportunity in both football and school to make the most out of whichever I’m doing.”

Gone are the days when the majority of the athletes majored in whatever was assumed to be the easiest degree on campus. Today’s student-athletes major in everything from Architecture to Mining Engineering and from Biological Sciences to Environmental Sciences to Political Science. However, a select few – less than 10 in all – major in Finance and represent Virginia Tech on the baseball, football, softball, and women’s and men’s soccer teams. This article has been gleaned from interviews with three of these student-athletes as they reflect on the rigors of academics and athletics.

When the athletes were asked when they recognized their passion for finance and investments, one answered “my grandmother encouraged me to read about investing since I was about 10 years old” while another replied that he didn’t discover an interest in finance until he was a junior in high school. Angela Tincher (softball, pitcher) stated that while her first exposure was in the Stock Market Game as a 6th grader she was still undecided until she took the Introduction to Finance class in the second semester of her sophomore year.

Being a student-athlete is harder than most people realize. According to Richard “It’s not just practice and games, there are so many meetings and workouts on top of that…the time really does add up.” In fact, collegiate athletics is a year-round commitment for most scholarship athletes, so unfortunately many are not able to take advantage of internships or “shadowing experiences.” However, that did not stop Sean from going to south Florida for a week to watch a small group of money managers at work. He liked what he saw – money managers that deal strictly with professional athletes – the perfect combination of a sports background and a finance degree.

While these student-athletes have not focused on their professional careers just yet – being able to integrate their love of sports and their passion for finance is another common thread. According to Angela “I’m strongly considering graduate school, so I don’t think I will be going directly into a career after I graduate.” But it is tough, she went on to say. “I’ve been so focused on softball for the past 3 years that it has been hard...
Faculty In The Media

“Trading Costs Have Predictive Power”
Investment News - July 2007

It seems that Dr. Gregory Kadlec may have turned over the right rock in a paper he co-authored titled Scale Effects in Mutual Fund Performance: The Role of Trading Costs. According to the article, which often quoted Dr. Kadlec, “the Securities and Exchange Commission has been scrutinizing various costs associated with mutual funds.” In fact, Morningstar Inc., the investment statistics giant located in Chicago, has taken notice of the work. Russel Kinnel, Morningstar's director of mutual fund research, is quoted in the article as saying. “This could be one of the big things in the future…trading costs could be among those few data points with real predictive power.”

“Fees Can Slash Returns of Actively Managed Funds over Long-haul”
Boston Globe - July 2007

The study at the center of the article, titled “Scale Effects in Mutual Fund Performance: The Role of Trading Costs,” was written by Dr. Gregory Kadlec with two other researchers. The study found a relationship between the size of the trade and returns. “For funds with relatively small average trade size, trading is positively related to fund returns,” the researchers found, noting large transactions were negatively linked to performance. “This suggests that scale effects in trading, rather than other factors in fund management, are the primary cause of diminishing returns to scale in the mutual fund industry.” These expenses reduce performance and can also predict lower future returns.

“Slim Pickings for Russell 2000 Arbitrageurs”
Investment News - May 2007

A study co-authored by Dr. Vijay Singal provides compelling evidence that investors in the Russell 2000 index underperforming due to arbitrage that occurs during the annual reconstitution of the 2000 index. “Russell's approach gives arbitrageurs a chance to plan out their strategies well in advance of the changes that are made to the index,” said Vijay Singal. “It is a particular problem for the Russell 2000, because it has higher turnover than the broad-market Russell 3000 or large-cap Russell 1000 indexes.”

The evidence offered in the paper Index Changes and Losses to Index Fund Investors, shows that investors in funds that follow the Russell 2000 index lose about 1.3% a year in performance due to arbitrageurs — and sometimes as much as 1.84%.

---

Winners of Awards and Scholarships

College awards for graduating seniors:
- Alpha Kappa Psi and Delta Sigma Pi Highest GPA Award
  Stephanie Anne Harvey
  Eric Zakrzewski
- Wall Street Journal Student Achievement Award
  Stephanie Anne Harvey

Department awards:
- Finance Student of the Year
  Stephanie Harvey
- Accenture Scholarship
  Lauren Byrnes
- Chase Manhattan Banking & Real Estate Scholarship
  Kristin Clarke
- Curtis A. & June Haworth Thompson Scholarship
  Ian Hay
- Finance Service Award
  Joshua Allen
- Outstanding Rising Senior Scholarship
  Brandon Guichard

Scholarships for returning students:
- BB&T Scholarship Award
  Brian Colleran, Kristina Harrison
- Hermann and Michele Buerger Scholarship
  Ashleigh Joshua
- Lucy Brown Coleman Scholarship
  Joshua Friedman
- Hugh Flectcher, Jr. ’54 Memorial Scholarship
  Timothy Ahearn
- Forster International Business Scholarship
  Christopher Hayslett
- William M. Hahn Memorial Scholarship
  Sarah Kellogg
- Pamplin Rising Junior Merit Scholarship
  Anthony D’Angelo & Joseph Marshall
- Inez T. Ripley Scholarship
  Stacey Fuller
- SEED Scholarship Award
  William Berkeley
- Wachovia Leadership Scholarship
  Andre Cortbawi
The Pamplin College of Business puts knowledge to work through programs that meet training, developmental or consulting needs of business, industry or government entities. It could be considered as the nexus of the academic world and the business world. The Management and Professional Development (MPD) Office in the college with the support of individual departments works with private clients to design and deliver customized, state-of-the-art programs that provide employees with the skills to lead, think strategically, and manage change.

During the past several years the MPD programs taught by the Finance faculty have gained in popularity. This resurgence is due to a couple of factors. One is simply a renewed commitment to this type of educational outreach by the college and the department. The other is a retooling of the development and delivery process to better meet the needs of interested clients. This change in process has resulted in a decrease in the number of total programs offered but an increase in the quality and desirability of each program. Currently there are three initiatives implemented by Finance faculty that are especially successful.

One of the longer running programs is taught by Dr. Art Keown. He has taught in both the Wolseley Core Leadership program and in their Leadership Connection program for the last two years. About six groups of 25 executives from Wolseley are trained in these programs every year.

Another very successful project delivered in the past year was developed for Merrill Lynch by Dr. Gregory Kadlec on mutual funds and Dr. Randall Billingsley on hedge funds. The presentations were intended to help Merrill Lynch professionals better understand the investment vehicles, to better communicate with their clients, and to better understand the visible and “invisible” costs when selecting mutual funds.

The most recent program was a cooperative effort with the Indian Institute of Foreign Trade (IIFT) to host 22 executives from the Oil and Natural Gas Corporation of India (ONGC) who are studying towards an MBA degree at IIFT. Under the direction of Mr. Frank Smith and Dr. Vijay Singal, the student visitors had broad experiences including studying advances in energy exploration and production and learning about the American way of life and business during their week-long visit in February.

As these examples illustrate, MPD programs can be developed for a variety of objectives from general business acumen to focused topical discussions. MPD programs, while administered by the Pamplin College, are typically designed and taught by the distinguished faculty from an individual department. If you, or other colleagues, have a training, developmental, or consulting need, please contact the MPD office http://www.mpd.pamplin.vt.edu/index.html or specific Finance department faculty to explore how we can be of assistance. Faculty members involved with these programs are all experts in their fields of financial specialization and are anxious to apply their expertise for the betterment of MPD clients and their employees. Let us know how we can be of assistance!

AQ Bridge Program

Recognizing that “the shortage of high-quality business doctoral faculty is one of the most significant global challenges facing business schools,” AACSB International initiated the Academically Qualified (AQ) Bridge Program with Dean Sorensen as the Chair of the program. The objective of the program is to prepare non-business doctorates for positions as academically qualified (AQ) faculty in business disciplines where serious doctoral faculty shortages exist.

The Pamplin School of Business has been selected as one of the universities to offer the AQ Bridge Program. Our program will have tracks in Finance and Marketing. The Departments of Finance and Marketing, in collaboration with other pedagogical resources on campus, will leverage their graduate courses and faculty to develop and teach the program. The Finance Track (Dr. Dilip Shome, Director) will target graduates with Ph.Ds in Economics while graduates in Psychology, Sociology or Statistics will be targeted for the Marketing Track (Dr. Eloise Coupey, Director).

The AQ Bridge Program is will be an 8-week, non-credit, residential program to be offered at the Blacksburg campus in the summers, beginning in summer 2008. Finance and Marketing-specific course content will be provided for seven of the eight weeks. These will include courses custom-designed for this program as well as training in research methods. One week will be devoted to the development of effective pedagogical skills. Upon completion of the program, marketed jointly be AACSB and Virginia Tech, the participants will be deemed academically qualified to successfully transition into faculty positions with schools of business in Finance and Marketing departments.
Welcome Two New Faculty

Dr. Yong Chen joined our faculty this summer from Boston College where he received his Ph.D. in Finance. Yong earned his M.A. and B.A. in Economics from Nankai University, China.

Yong’s research interests focus on investments with a special emphasis on hedge funds and mutual funds. His research has been accepted for publication in the *Journal of Financial and Quantitative Analysis* and the *Journal of Investment Management*. He has also presented his research at numerous universities and academic conferences such as the Western Finance Association and the European Finance Association meetings.

Yong’s primary teaching area is in investments and derivatives. He currently teaches Equity Securities at the undergraduate level and Investments at the MBA level. Prior to joining Virginia Tech, he taught finance at Boston College.

Dr. Carl J. Ullrich joined our faculty from Penn State University where he taught Speculative Markets (Derivatives) and Financial Markets and Institutions. Carl received his Ph.D. from University of Maryland and earned the Krowe-Legg Mason Teaching Excellence Award (2004). He is teaching our FIN 4264 Managing Risk with Derivatives course this Fall.

Carl’s research interests include asset pricing, stochastic volatility, international finance, and commodity markets. His most recent work focuses on stochastic volatility and implied correlation in foreign exchange markets. Carl worked for seven years in the electric power industry. His primary duties included capital budgeting analyses and economic analyses of operational and maintenance strategies.

VT and BB&T Join Forces in Free Markets

Most Americans assume we live in a free-market, capitalist economy. The truth is that we live in what might be called a “mixed economy.” A mixed economy, as the name implies, means that the U.S. economy has some of the characteristics of a free-market economy but with a significant amount of regulation and governmental intervention in the market place. So, exactly what is a “free market economy?”

That is the subject of a new program titled “Exploring the Foundations of Capitalism and Freedom,” made possible by a generous, $1 million gift by BB&T Corporation to the Pamplin College of Business.

In creating a new program in finance, BB&T will provide undergraduate and graduate students with the opportunity to attend lectures and enroll in courses that specifically address an area of study that wasn’t available before. The program will offer a crucial overview of capitalism from many perspectives. “It’s a very important program,” notes Dr. Vijay Singal, who will be responsible for the program. “It will present a balanced view of the strengths and weaknesses of free market economies, which is a valuable topic to students across several disciplines within the college.”

The “Free Markets” courses, one undergraduate and one graduate level, will examine in detail the philosophical implications of a free market on personal freedom, social welfare, and the efficient allocation of scarce resources. The course will contrast the fundamentals of free markets with alternatives such as modern socialism, communism, and fascism. Both courses are taught by Dr. Douglas M. Patterson.

John A. Allison, IV, Chairman and CEO for BB&T, noted that “Unfortunately we find that many graduates from business schools, while understanding the technology of business, do not have a clear grasp on the moral principles underlying free markets. Underwriting programs such as this one encourages meaningful dialogue around the concepts of reason, individual rights, economic freedom, and the personal pursuit of happiness.”

Additionally, the program will provide a speaker series on capitalism, granting students a wider exposure to current issues facing business managers and policy makers – an insight that is sometimes missing from students’ education.

The finance department and the Pamplin College are very lucky to have outstanding relationships in the finance industry and the synergies that create opportunities for the faculty and students. This gift strengthens a special partnership between BB&T, the university, and the finance department that produces quality graduates who go on to work in the very industry that helps shape their education.
Curriculum Innovation: CFP® Track

Careers in finance are always in demand! But the projected growth rate of 30% over the next 6 to 10 years in financial planning is just one of the reasons that the Department of Finance will offer the CFP® Certification Education (CFP CE) track for the Class of 2009 and beyond. This new track meets the educational requirements laid down by the CFP Board for taking the Certified Financial Planner (CFP) exam. In-major courses will cover the process of financial planning as well as the six fundamental topic areas including: income taxes, investments, insurance, employee benefits, retirement planning, and estate planning. Because of the applied and integrative nature of financial planning, students will also be strongly encouraged to gain practical experience through a summer internship, to attend national professional conferences, and to participate in national collegiate financial planning competitions.

As one of fewer than 100 undergraduate degree programs registered with the CFP Board of Standards, Inc., the Finance CFP® CE track graduates receive two distinct advantages. First, graduates meet the education requirement to sit for the CFP Board exam. Second, graduates are eligible to sit for the exam prior to earning 3 years of related work experience. Those that pass the rigorous 10-hour, 2-day comprehensive exam will then carry the title CFP® designee, until they have completed the requisite 3 years of work experience, at which time they will become CFP® certificants—the premier credential for financial advisors. In other words, graduating from a registered program offers a career jump-start!

The growth of financial planning, both as a recognized profession and as an important aspect in the lives of individuals and families, has been remarkable. Starting with less than 50 Certified Financial Planner (CFP®) certificants in 1970 the profession has grown to over 52,000 in 2007. As the profession has expanded in recent years the number of students studying financial planning has also grown.

The CFP® CE track, in addition to the Investment Management and CFA track, is just another example of two hallmarks of the Department of Finance. First, the department is committed to cutting-edge, innovative curriculum development that prepares students for both generalized and specialized careers in finance. Second, the registration of both of these programs with external review groups that represent practicing professionals is further validation of the excellence of the programs offered.

Please contact Derek Klock (ddklock@vt.edu), CFP Track Advisor, for more details.

Finance Department Donors
- David S. Allen
- Jason Bates
- Gerald Bischof
- Geoff Broglio
- Michael Clark
- Robert Dalton
- Robert Evans
- Edwin Hardell
- Dr. Sylvia Hudgins
- Harvey W. Huffman
- Prakash Kamath
- Michael Neese
- Brian Silverman

Thank you!!

Student Enrollments Remain Strong

Many assumed that when the finance curriculum was made more rigorous in the fall of 2005 there would be fewer students choosing the major. Well, that was the case – for exactly one year and 14 students. However, this drop came after a meteoric increase – over 13% – in the number of finance majors from fall 2004 to fall 2005. After another nearly 8% increase this year the total number of students declaring the finance major is 709. This is not a short-term trend either. Since the beginning of the decade the number of students in the department of finance has increased 46%. Therefore, it must be said that students in the Pamplin College of Business know a good deal when they see one.

The increased rigor may not be the only factor in propelling enrollments to record numbers. For most of the last decade the number of on-campus interviews in which our students have participated has been among the top in the university. This increased exposure and demand for our graduates has also helped propel the average starting salary to nearly $50,000 – with a number of students receiving offers in excess of $60,000. This increase in salary and placement of our graduates can be attributed to our alumni support and feedback that have enabled us to better prepare our students to meet the needs of employers.
An advisory board has been created to help the department with curriculum, placement and fund-raising. The Department of Finance and Dr. Vijay Singal would like to thank the charter members of the Advisory Board.

- Sharon Brown-Hruska (NERA)
- Gregory L. Carter (Bank of America)
- Tracy L. Castle-Newman (Morgan Stanley)
- Michael W. Clarke (Access National Bank)
- Nicholas C. D’Angelo (Wachovia)
- Mark Heberle (Wachovia Securities)
- Russell J. Herakovich (General Electric)
- Stephen Hole (NBA)
- Wm. Braun Jones, III (WWC Capital Group)
- Gerald Knight (Retired)
- Marshall M. Minor, Jr. (MGM Mirage)

- Mark D. Moore (M&T Bank)
- Michael D. Neese (Philip Morris USA)
- John Paul (General Electric)
- Daniel K. (Jack) Read, III (Salomon Smith Barney)
- Jay Rosenstock (Discovery Communications)
- Nancy Springer (Rico Kitchen & Bath)
- Mary Beth Sullivan (Capital Performance)
- Sunil Vaswani (HVB)
- Steve Williamson (Ameriprise Financial)

Athletics~

Continued from page 3

to focus on anything other than my classes for finance.” This might be a good choice because according to Dr. Singal, “Angela and Bryan were a joy to have in class. Always prepared, attentive, and organized. The only classes they missed were due to their athletic schedule of which I had prior knowledge. No wonder they did so well in class.”

Managing the daily challenges of life as a student athlete has also helped these young adults to gain some very mature perspectives on life and their future in finance. As Richard observed, “Making the most out of any opportunity is a key in the business world and also in athletics.” While Angela noted that, “Softball has given me experience in teamwork and communication, which will be assets once I begin a career.” Whether their teams are winning or losing on the field these student athletes, who represent less than 10 Hokies who accepted the challenge to earn a Finance degree, will no doubt be winners in life and their chosen careers!