

UML students stocking up

From the Lowell Sun

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LOWELL -- Alan Greenspan, the once unquestioned god of economic policy, on Oct. 23 slouched before Congress, humbled by dark events his brilliance did not foresee.

The 82-year-old former chairman of the Federal Reserve said the economic crisis has turned out to be "much broader than anything that I could have imagined."

That same day, UMass Lowell students in Assistant Professor of Finance Ravi Jain's advanced class in portfolio security analysis looked sunny and self-assured, too young to care about bruised legacies and battered 401(k)s.

Jonathan Pedi, a senior finance major from Wakefield, sees now as an "awesome time" of "undervalued" stocks leading to the day when the Dow shall rise and shine again.

Seventeen student investors in the class put unscathed optimism to work in selecting stocks for a fund they manage in a competition against UMass Amherst, UMass Boston and UMass Dartmouth.

UMass Lowell won the most recent competition, which ended in May. Each team started with a \$25,000 grant from the UMass Foundation with which to invest. Major stock market indexes have plummeted more than 30 percent since January, but UMass Lowell's student-managed fund is 3 percent higher than its initial capital investment, said Jain.

"This is largely because currently we are holding a lot of cash, and not because our stocks did not fall," said Jain.

UMass Lowell's fund was up about 10 percent in May.

This class, made up of 16 finance majors and one accounting major, hopes to defend UMass Lowell's title when the market runs its wild course to next May.



As the stock market steered through one of its worst months ever in October, UMass Lowell students in Assistant Professor of Finance Ravi Jain's portfolio security analysis class were encouraged by the values they now see in stocks. Earlier this year, UMass Lowell students won a stock-picking competition against peers from UMass Amherst, UMass Boston and Dartmouth College. SUN photos/David H. Brow

"I understand we're going through unprecedented (economic) times," said Amy Osgood, a senior from Agawam who is considering a career as a market analyst. "But it's just completely different from our point of view. We don't have that fear because we have so much in front of us. We can accept the market's volatility and learn from what happened in the past."

Students pull up charts and figures on a computer connected to a large screen as they take turns making cases for particular stocks. Their classmates, as well as Jain, pepper them about possible dangers lurking within balance sheets, CEO bios and market analyses.

The class votes online whether to buy a stock. A 70-percent "buy" vote is required.

In the Oct. 23 class, senior Sean Goodman of Tyngsboro pulled up profit charts and market analyses on Ecolab Inc., a provider of commercial cleaning products and food-safety and health-protection services.

Ecolab Inc.'s stock closed that day at \$40.20, up \$1.27. Its 52-week range was \$35.90-\$52.78. (On Friday it closed at \$37.05.)

"What can go wrong?" Jain asked while looking skeptically over Ecolab's figures. "Tell me bad things. What is missing?"

Goodman suggested: "The only thing to worry about is the food-service market. Restaurants are closing down. This company sells them cleaning products."

Still, Goodman was confident. "If we had to choose companies right now, I think it's a buy," he said.

Brian Lesniak, a senior from Dracut, made a case for the processed-food giant H.J. Heinz Co.

Not a stock to get rich on, Lesniak agreed, but consistent. He liked the stability of CEO Bill Johnson having been with Heinz since 1982.

That day Heinz's stock closed at \$41.60, down \$0.28. Its 52-week range was \$38.43-\$53.00. (On Friday it closed at \$43.82.)

"We could wait for it to go down a little more," suggested Lesniak.

There is no textbook. Students prepped by reading books on investment strategy by Warren Buffett and Benjamin Graham. Buffett, the self-made billionaire and world's



Students are at attention while studying income statements during Professor Jain's advanced security analysis class.

richest man, according to Forbes magazine, is the investment idol of most of these students.

Students make all the investment decisions. The actual trading is done by the UMass Foundation. Students' advisers include UMass Lowell graduates Warren Isabelle and John Kattar, both professional fund managers.

The lesson plan depends on the day's happenings on Wall Street.

"This is real-world application," said Jain, a Chelmsford resident. "That's what makes it interesting. It's not something abstract (out of a textbook). It's making a decision."

"Every day we see the market go up and down. Every day the news is different," said Brian Lemke, a senior from Wilmington.

Students select companies with "strong" histories and avoid financial stocks. Lehman Brothers might have benefited from advice like this.

Jain asked if anyone had some final thoughts for the reporter scribbling in their midst.

Patrick Livermore, a senior from Lynn, smiled and said, "Buy low, sell high."