

WALL STREET READY



“The Orange Value Fund is a wonderful device for training students.”

MARTIN J. WHITMAN '49, H'08
SU Honorary Trustee

The Whitman School's Orange Value Fund immerses students in the world of finance and teaches them how to capitalize on the experience | BY DENISE JOCHEM-ROBERTSON

They are impeccably dressed in dark gray suits contrasted with white shirts and orange and pink ties. Wristwatches abound. Their shoes shine. Standing erect in front of their peers with a PowerPoint presentation projected behind them, the students are peppered by their professor with questions and comments: *How did you get NAV [net asset value]? Why are they selling assets in spin offs? Remember, qualitative factors are as or more important than quantitative factors. What price would an investment bank give them in a fairness opinion? How much debt do they have? Is there anything that can be written down? Goodwill? Put this company on the watch list.*

These Martin J. Whitman School of Management undergraduates are participants in the school's Orange Value Fund program, which immerses them in the world of finance as managers of the fund's portfolio. On this day, they are presenting and defending the company research and analysis that has taken them weeks to prepare. “Good job, guys,” says Fernando Diz, Martin J. Whitman Professor of Finance and director of the Ballentine Investment Institute, reassuring the students

when he's satisfied with their responses. Relieved, they take seats among their fellow students in the Ballentine Investment Center, located on the first floor of the Whitman School and a component of the Ballentine Investment Institute.

Made possible through the support of Martin J. Whitman '49, H'08, founder and chairman of the board of Third Avenue Management, and SU Life Trustee Steve Ballentine '83, president and CEO of Ballentine Capital Manage-

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FERNANDO DIZ (pictured above right), Martin J. Whitman Professor of Finance and director of the Ballentine Investment Institute

ment, along with other investing members, the Orange Value Fund was launched in 2006 with \$1 million in assets. Since then, the program has prospered, also benefiting from a strong alumni network and guidance from such Whitman graduates as SU Life Trustee Michael Dritz '59, chair of Dritz Enterprises, and SU Trustee Darlene DeRemer '77, G'79, partner in Grail Partners. “Alumni involvement is key to the success of the program,” Diz says. “They share their professional expertise, and act as mentors, sponsors, and advocates for the program and its students. Many of them have become investors in the fund as well. Without the unwavering support of our alumni, we could not have realized the success we have achieved.”

Building on the reputation of the Whitman School, the Orange Value Fund (OVF) was created with one purpose in mind: to ensure that any graduate of the program would be highly sought after for employment by the best financial services firms in the industry. With graduates now working as analysts, vice presidents, investment officers, and managing partners for such companies as BlackRock, Citigroup, JP Morgan Chase, Deutsche Bank Securities Inc., Ernst & Young, and Goldman Sachs, the proof of the program’s success “is in the pudding,” according to Diz, who also serves as managing director of the fund.

“The Orange Value Fund is a wonderful device for training students,” says Whitman, an SU Honorary Trustee. Students who manage the \$1.8 million in current fund assets participate in a rigorous, two-year program designed to make them competent in corporate finance, financial modeling, mergers and acquisitions, distress investing, control investing, value investing, and credit analysis, as well as the hands-on management of a real portfolio of securities. The students take courses that have been specifically designed for the program, perform intensive research on potential investments, write professional research reports, network with investment professionals, and manage the Orange Value Fund LLC portfolio. On completion of the program, they are prepared to hit the ground running as equity analysts, credit analysts, money managers, and investment bankers.

Invaluable Experience

Joe Morgan '15, a senior analyst on the OVF, transferred to the Whitman School from another New York college after he heard his finance professor discuss investment bank-



Kevin Kettell '14



Garrett Steves '14 and Kevin Kettell '14

ing in a course he was taking. “It resonated with me,” he says. Approaching the professor after class, she told him that if he wanted to pursue investment banking, he might want to transfer to Syracuse University because its program was more highly regarded and the professional networks to which he would be exposed carried a lot of weight. When he later learned of the OVF program through the Whitman School’s Career Center and a Career Madness Day, Morgan knew it was just what he was seeking. “It’s not your typical investment club,” says Morgan, who is doing an internship in sales and trading with BNP Paribas in New York City this summer. “Students bridge what they learn in their classes with the professional role. You apply what you learn by analyzing real firms and use that to make sound decisions. You don’t get an opportunity to do that anywhere else.”

Students participating in the OVF are Whitman juniors and seniors majoring in finance and/or accounting. They must have excellent academic records and a passion for finance. Throughout the program, they use a wealth of resources, including Securities and Exchange Commission (SEC) filings, credit agreements, news releases, analyst reports, and interviews with industry professionals to analyze companies. In the Ballentine Investment Center, they have access to Bloomberg equity and fixed income training modules that allow them to employ the same tools professional analysts use to conduct company and market research, as well as to receive Bloomberg certification. Students also develop a professional network through on-campus lectures and “road shows” to Wall Street and Stamford, Connecticut, where they present their research to investment professionals. OVF alumni often help set up these meetings and coach students on presentation and interviewing skills.

William Cass '08, vice president of Needham & Company, a full-service investment bank in New York City, where he is responsible for recruiting, agrees that the experience the OVF students gain preparing and presenting reports is invaluable. “It is really amazing when you are interviewing someone and they hand you a report that we would have put together ourselves,” says Cass, an OVF alumnus. “It is a tough program. It is certainly rigorous. There is a lot of demand. But, if you are serious about a career on Wall Street, there is no better thing you can do than join the OVF.”

When Sarah Rudolph '13 came to Syracuse University as a first-year student, she had no clear academic or career path. She took a number of courses in several schools on

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“The OVF is a fantastic example of experiential learning at its finest. While in school, students actually execute the roles, jobs, and responsibilities that they are seeking after graduation.”

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Dean of the Whitman School



Alexander Barnett '14

campus, eventually deciding the Whitman School was where she wanted to be. After taking an introductory finance course as part of the Whitman core curriculum, she realized that a job in the financial markets was her career target. Graduating with a double major in finance and accounting, she was a student in the OVF program and is now an analyst with BlackRock in San Francisco, where she had served as an intern. Rudolph says the OVF gave her great exposure to fundamental finance through financial modeling classes and learning how to glean information from SEC filings, such as 10-Ks (annual reports). “Getting that on-the-ground experience was incredibly valuable,” she says. “Those hard skills can push you ahead and show your employer that you’re interested in what you are about to do because you’ve already taken the time to learn it.”

Rudolph also credits the OVF with helping her gain the skills needed to work in a team and manage her time—skills she also put to use in her first full-time job. “We all had to learn how to get things done and work under deadlines,” she says. “We learned how to juggle many different things and how to delegate to other people.”

Professional Pipeline

The pipeline to most full-time investment positions on Wall Street is the internship, says Diz. OVF students participate in internships between their junior and senior years. “Wall Street is using the internship as a screening device for permanent employment,” he says. “Once you obtain an internship, if you perform at the level at which they expect you to perform, it often leads to a permanent offer. Getting the right internship is the quickest way to getting a very good job and knowing from your junior year that you have a permanent position upon graduation.”

According to Diz, 70 percent of OVF students are employed where they interned, though some companies don’t hire interns with the view to employ them on a permanent basis. Still, he says, OVF students have a 100 percent placement record in obtaining internships and being employed upon graduation. Diz also contends that OVF graduates are extremely competitive with the Ivy League students with whom they may vie for jobs. “Our students tell us that they are as prepared or better prepared than others,” he says. “Financial institutions are able to put our students to work immediately. They don’t need employers to teach them things they already know how to do.”

Whitman also acknowledges the program’s success in preparing students for the world of finance. “I don’t think there is any other university that even comes close to what is being done at the OVF,” says Whitman, whose value investing philosophy is the model most often used in managing the fund. The fund focuses on identifying investment opportunities through comprehensive research of individual companies and doesn’t typically focus on general market conditions and other macro factors. It seeks investment in the securities of companies whose industries are believed to be temporarily depressed, that pose a minimum investment risk, and are “cheap” relative to their readily identifiable net asset value. The OVF’s investment philosophy has resulted in two books co-authored by Whitman and Diz: *Modern Security Analysis: Understanding Wall Street Fundamentals* (Wiley, 2013) and *Distress Investing: Principles and Techniques* (Wiley, 2009).

Ballentine, the Whitman School alumnus for whom the Ballentine Investment Institute is named, founded Ballentine Capital Management Inc. in 1989. “Little real-time financial information was available when I was a student in the early 1980s,” he recalls. “We studied securities, markets, and analyzed stocks with computer tapes that were based on things that happened many, many years before.” Committed to bringing students the resources and tools that professional investors have available to them, he established the Ballentine Investment Institute in 1992 with a gift to the Whitman School.

Does he wish the Ballentine Investment Institute had been available when he was a student? “Oh boy, do I,” he replies. “It would have been phenomenal. As someone who was really focused and trying to learn as much as I could, it would have been unbelievable to have the Bloomberg terminals and to have a real portfolio to be working on.”

Kenneth Kavajecz, dean of the Whitman School, believes the future of business education will be focused on experiential learning, such as that employed in the OVF program. “Experiential learning blends and reinforces theory and practice and equips



Sarah Rudolph '13 (back row), with former OVF colleagues, values the skills and on-the-ground experience she gained through the program.

students to make significant and immediate contributions throughout their careers," Kavajecz says. "The OVF is a fantastic example of experiential learning at its finest. While in school, students actually execute the roles, jobs, and responsibilities that they are seeking after graduation."

Cass also cites the significance of the experiential learning gained through the program. "There is no better preparer of college students than the Orange Value Fund," says Cass, who has been promoted twice since joining Needham & Company as an entry-level analyst after graduating from Whitman. Reflecting on how the OVF benefited him when beginning his first job, he says, "The OVF taught me how to understand companies, read financial documents, and go through a company's disclosures. I knew the critical questions to ask when I got there. I had experience going through the documents and public disclosures that any security analyst on Wall Street would use. Most important, was the ability to put together a presentation that synthesized the data that I had gone through. The work done in the OVF was the exact work I would be doing as an equity research analyst, on the buy or sell side, or as an investment banker."

The OVF is more than a line on a résumé, Rudolph says. "If you don't love it, it is not going to be worth your time. It's really a labor of love. If you love it, it doesn't seem like work. But, if you don't, you may be miserable. It is a huge time commitment." In addition to the hard skills learned in the program, Rudolph makes a point to mention the soft skills acquired, such as supporting other students. "Sometimes we would be up against each other for the same internship or a job opportunity," she says. "Rather than being cut throat, we'd help each other with our interview skills or give feedback on presentations and reports. As part of the OVF, you develop a group of friends that you will work with for the next two years and probably be in touch with for the rest of your professional life."

The day the Orange Value Fund students presented their company research and showcased their skills to Professor Diz, they also unknowingly exhibited the soft skills cited by Rudolph. When the presentations concluded, one of the students, Kevin Kettell '14, rounded up his fellow OVF colleagues to have them sign an Administrative Professionals Day card thanking Betty Ross, administrator and program coordinator of the OVF. Such thoughtfulness is certain to serve these future financial professionals—and Wall Street—well. <<

"You apply what you learn by analyzing real firms and use that to make sound decisions. You don't get an opportunity to do that anywhere else."

JOE MORGAN '15,
OVF senior analyst

