

UdeM finance students do well with their investment portfolio

Published Monday June 14th, 2010

A10 times & Transcript staff

Thanks to balanced management by finance students from Université de Moncton, Louisbourg Investment registered a superior yield on the Toronto Stock Exchange during the 2009-10 academic year.



The Louisbourg student portfolio began as a partnership between Placements Louisbourg and the Faculty of Administration at the Université de Moncton's Moncton campus. In November 2009, Placements Louisbourg entrusted \$100,000 to students in the Finance program for them to invest using skills learned in the program.. After six months of careful management, the students succeeded in yielding a nice profit. The fund is now worth \$108,177.

For the first five months of 2010, the fund yielded 5.54 per cent, which largely surpasses the index that showed a 1.21 per cent return for the same period, indicating a value-added of 4.33 per cent.

Université de Moncton's Finance students, at the Faculty of Administration, managed to obtain this yield by using a rigorous methodology for selecting titles based on a top-down approach. According to this strategy, the students must successively analyse the economy, the sector they are in charge of, the companies in their sector, and the financial statements of the companies they selected in order to apply stock evaluation models.

These students were supervised by their professors Sébastien Deschênes, CFA, and François Boudreau, CFA.

The added value was attained in part by a correct reading of the economic recovery. In a comparable situation, the oil sector, which is one of the most important on the Toronto Stock Exchange, should have shown a higher performance.

To avoid too great a concentration of risk, the students chose a weighting similar to the index while opting to select bolder titles within this sector.

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Why they should have packaged and sold MBS (Mirimichi backed securities), shorted the HQ/NB Power deal, sold some CDS on Atcon thus deliberately bankrupting themselves in order to receive a bailout from the NB government, applied for official bank status in order to borrow money directly from the BOC in order to manipulate PMs, stock prices and bond yields so that they can't ever loose and earn themselves ludicrous bonuses in the end. That's finance, 2010.

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RJ LeBlanc, Moncton on 14/06/10 07:30:58 AM ADT

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