

Weather Alert

Freeze Warning

Home / News

http://www.bgdailynews.com/news/wku-students-earn-big-roi-in-competition/article_6364bbba-289f-5446-8f2d-c15bece2c124.html

WKU students earn big ROI in competition

By DON SERGENT dsergent@bgdailynews.com Apr 14, 2018

A team of Western Kentucky University students, after plotting strategy, analyzing arcane statistics and working together on important decisions, has finished among the top universities in the Southeast.

And they hardly broke a sweat.

Despite its roster changing from spring semester to the fall, the squad used teamwork to take third place out of 25 universities in a competition in which WKU's mascot could have been a raging bull instead of a big red spirit.

Some 20 WKU students, made up of classes in the university's Gordon Ford College of Business finance department, bought and sold stocks during the 2017 calendar year and came away with a 29.25 percent return in the Tennessee Valley Authority's Investment Challenge Program that covers a seven-state region.

Only Western Carolina (29.54 percent) and Tennessee Tech (29.41) finished ahead of WKU, which outperformed such schools as Belmont University, Middle Tennessee, Mississippi State, Vanderbilt and Kentucky and walloped the 21.83 percent return realized for the year by the Standard & Poor's index of 500 leading companies.

“WKU teams have done well,” WKU Finance Department Chairman Indudeep Chhachhi wrote in an email. “The class is as much about stock selection as it is about decision making in the face of uncertainty and incomplete information.”

Chhachhi explained the teams are staked to \$500,000 by TVA and are judged by their return on that investment over a full calendar year. Most of the profit goes back to TVA, although top teams do get to plow some of the earnings into their programs.

Chhachhi has set up a system that requires the students to “pitch” certain stocks to the entire class after analyzing metrics and doing other research. A two-thirds majority of the class is required for a new stock to be bought or for an existing stock to be sold.

“After the presentation, the entire class discusses the merits of stocks presented and makes a decision to either accept or reject presenters’ recommendations,” Chhachhi said. “The class discussions are designed to explore, in depth, both the financial metrics of the company and also the competitiveness and superiority of their business model.”

Such an exercise has been a valuable learning experience for students such as Elizabeth Moss, a senior majoring in finance.

“I’m in financial management, so doing this class really helped me analyze stocks,” said Moss, from Bowling Green. “And it gave me good presentation skills.”

Kyla Scanlon, a senior from Louisville studying finance, economics and business data analytics, said the process of using real money to make real investment decisions was much more intense than the typical class.

“Most of the presentations were 60 pages or so, with long discussions,” she said. “The individual who presents does a lot of research, and then everyone else will do more.”

Jordan Barbagallo, a senior studying to be an investment banker, said the TVA competition opened his eyes to the many factors that can affect a stock’s rise or fall.

“You never stop learning,” he said. “To truly understand a stock, you have to understand what they do and understand the political world. I like the team aspect of this. There’s always another side you can look at.”

TVA Vice President and Treasurer Tammy Wilson, who oversees the Investment Challenge Program, said some 9,000 students have participated in the program over its 20-year existence. Many have been hired in TVA’s finance department or gone on to careers in investment.

“Some really smart kids have come out of this program,” Wilson said. “We’re helping them get some real finance experience. For many of them, this (Investment Challenge) is the No. 1 thing they put on their resume.”

– Follow business reporter Don Sergent on Twitter @BGDNbusiness or visit bgdailynews.com.

Don Sergent