

CIRCLE OF FINANCE OPPORTUNITIES Prospectus

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A letter from the Chairman



Dear DePaul Alumni:

The new fall quarter is just underway here on campus and I would like to provide you an update on the major curriculum overhaul of our programs. Over the course of two retreats, our faculty has been reconsidering our program to make sure that there is a coherent body of knowledge being delivered to our students. We want to make sure that our graduates are meeting the needs

of the financial community during this particular point in history.

In response to feedback from the employers of our graduates and the business community at large, we are focusing on two major areas:

- Managing risk that faces a business
- Providing our students with a sense of the history of the markets over time and the importance of behavioral aspects of markets and the effects of human behavior on financial decisions

Additionally, we are incorporating revisions into the curriculum that reinforce the most important concepts and avoid unnecessary repetition.

At the graduate level, we have redesigned the MSF program to create a track for students aspiring to take the CFA exam. As a by-product, DePaul would partner with the CFA Society to make sure applicable standards are met.

We are also launching a new Executive Luncheon Series to bring financial executives to campus for brainstorming sessions with our faculty. We believe this would further arm our faculty with practical examples that enrich our teaching methods. This program will be held two to three times each quarter.

As always, we wish you a successful quarter and enjoyable fall season.

Best regards,

Ali Fatemi, Ph.D.
Alumni Professor and Chairman, Department of Finance

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Faculty Member Contributes to the Classroom and Gives Back to DePaul



Geoff Hirt arrived at DePaul in 1983 with his wife, Linda, when she was offered an opera coaching job at DePaul's School of Music. He was appointed department chairman and served in that capacity for 11 years until September 1997. During that time, Hirt founded and directed the first international MBA program in Hong Kong. In 1998, he took a leave of absence from DePaul and went to Mesirow Financial as senior vice president of strategy and planning, eventually becoming the company's director of equity research. From 1999 to 2001, he split his time between DePaul and Mesirow Financial, but came back to DePaul full time to teach graduate investments, the capstone course in the full-time MBA program. He also taught financial management and investments in the undergraduate program and served as the director of international programs for the College of Commerce.

Hirt has always valued his opportunity to give back to DePaul. He has cochaired the Faculty Staff Development Committee for 13 years and was the designer of the Faculty Staff Scholarship Program. Hirt said, "I'm proud of the hundreds of scholarships that we have been able to give over the last 10 years." He also serves on the School of Music's Dean's Advisory Board, Executive Committee and is chairman of the School of Music's Development Committee.

Over the years Hirt has written several text books, with McGraw-Hill/Irwin as his publisher. His first book was published in 1978. *Foundations of Financial Management* is now in its 13th edition and has been translated into more than 13 foreign languages, including Chinese, Spanish, Macedonian and Italian. The Italian version was translated last year by Francesco Perrini of Bocconi University School of Economics in Milan, and the Spanish edition was released in spring of 2009. A Canadian edition cowritten with Dr. Stanley Block and J. Douglas Short of the Northern Alberta Institute of Technology was just published with a 2009 copyright on the eighth edition.

Another book in the revision process is the 10th edition of *Fundamentals of Investment Management*. Teaching investment is Hirt's biggest passion and for 15 years he served as the director of the CFA program for the CFA Institute of Chicago. With changes in the financial markets over the last several years, the revision of the 10th edition should have some significant differences. Both the investments book and the financial management book were cowritten with Dr. Stanley Block of Texas Christian, where Hirt first taught after getting his doctorate from the University of Illinois at Urbana-Champaign. For the 13th edition, Block and Hirt added a new coauthor, Bartley Danielsen, who had spent six years on the faculty at DePaul before moving to North Carolina State University.

Geoff and his wife, Linda, spend time in Italy every summer and he has been a visiting professor at the University of Urbino. Linda takes singing students to Urbana (about 10 miles from Urbino) to study Italian and sing Italian arias and scenes from Italian operas. One of Geoff's biggest delight—and anxiety-causing experiences—was agreeing to perform an Italian-speaking role in a student opera in Italy. Little did he know he also had to dance. Appropriately the name of his character was Mr. Dollar. ♦

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Back When You Didn't Know, Who Did You ASK?



AS ONE OF DEPAUL'S FINANCE ALUMNI,
YOU UNDERSTAND THE VALUE OF
PROFESSIONAL NETWORKING. WHY NOT
SHARE YOUR KNOWLEDGE WITH FELLOW
BLUE DEMONS?

The Alumni Sharing Knowledge (ASK) Volunteer Network allows you to share your experiences, accomplishments and unique insight with students and alumni. You've walked in their shoes; you've been through it all and that makes you the perfect ASK mentor for finance students.

As an ASK mentor, you can:

- Participate in one-on-one mentoring relationships with students
- Conduct practice interviews or assist in job fairs
- Speak at networking events, classrooms or open houses throughout the university

Everything that you do with ASK helps guide students and alumni in their career development. You help open doors for professional growth and networking, and the flexible opportunities mean you can be as involved as you want to be. Volunteer with ASK today!

Learn more at ask.depaul.edu ♦

Circle of Finance Opportunities (CFO)

Many of you are familiar with our finance alumni group, the Circle of Finance Opportunities (CFO). Recently, the board voted to revise CFO's mission statement to accommodate the changing needs of our alumni and students. Here is the revised version:

The Circle of Finance Opportunities (CFO) provides alumni with a broad array of exciting opportunities designed to enhance their professional lives and to support DePaul University's Finance Department, current students and faculty. Our three areas of focus are:

Relationship: Building meaningful connections between alumni who work in the field of finance

Development: Facilitating opportunities to help professionals expand upon their career through networking, knowledge and insight

Scholarship: Rewarding academic excellence and helping talented students who are in financial need

At CFO, we believe that the Department of Finance has provided its students with a first-class education, and we strive for the further advancement of our fellow alumni through Relationship, Scholarship & Development.

We encourage all of you to attend one of our fall events. We sponsor several opportunities in conjunction with the department and various academic centers. Please contact Kelly Glenn at **(312) 362-7531** or kglenn2@depaul.edu if you are interested in information on CFO, volunteering or any of our upcoming events. The full department calendar is listed on the back page of this newsletter. ♦



Members of the CFO Board include (L to R): Voula Moragiannis, Antonina Doria, William Kusack, Mark Ziehr, Jeff Houston, Yolanda Voirol, Carlos Soriano, Kellee Neumann and Frank DeVincentis.

Professor Profile: John Houston

By Cara Scatizzi • Kellstadt Student & CFO Member



John Houston

Background

Professor John Houston grew up in Columbus, Ohio, and attended Ohio State University. During his time at Ohio State he earned a bachelor's degree in finance and an MBA with an emphasis in finance. Professor Houston chose Ohio State because it was close to home and

because of its business school's reputation.

Houston became interested in the stock market during its rally after World War II. The NYSE began a long bull run following the war and public interest in the market grew. Houston was also interested in accounting but did not want to pursue a career as an accountant. He was more interested in a job that used accounting information to make decisions. Each of these factors led Houston to study finance.

After finishing his bachelor's, Houston had a nine-month obligation to the ROTC to fulfill. A professor encouraged him to stay at Ohio State to pursue an MBA in finance, subsequently deferring his ROTC obligation until he completed the degree. Houston then joined the Air Force for a nonmilitary job with the auditor general. He worked with defense contractors and was stationed mostly in offices around the United States and the Far East. Houston served in the Air Force for four and a half years.

Teaching

During his time with the Air Force, Houston taught in Japan, prompting him to pursue education as a profession. Because he wanted to teach at the college level, Houston decided to return to school for a doctorate in finance. He attended Northwestern University in Evanston. While earning his degree, Houston taught finance classes in the school's evening undergraduate business program.

His first full-time faculty position was at the Illinois Institute of Technology (IIT) where he taught finance courses in the Stuart School of Management for undergrads and MBA students. Houston left IIT for DePaul University in 1975. His decision was based on wanting to be part of finance faculty and collaborate with colleagues.

Houston has taught both graduate and undergraduate courses during his tenure at DePaul. He currently teaches undergraduate finance major courses. His teaching style changes from course to course, but he likes to add current events to the discussions when possible.

In addition to teaching at DePaul, Houston also worked with the American Association of Individual Investors (AAII) giving investment seminars and workshops at local AAIL chapters across the country. Seminar topics have included basic investing education, security analysis, investment math, real estate investing and personal finance.

ALWAYS FIND WAYS TO ATTAIN MORE EDUCATION. HOUSTON BELIEVES THAT THIS DOES NOT MEAN ONLY FORMAL EDUCATION. HE RECOMMENDS TAKING CONTINUING EDUCATION CLASSES AND STAYING CURRENT ON NEWS AND ANALYSIS.

Focus of Research

Houston has focused much of his research on areas of corporate finance, specifically common stock repurchasing and capital structures. During the 1970s, companies began to use common stock repurchases more and more. Houston believes that companies did and continue to do this to influence their price-to-earnings ratio, but the market takes the repurchases into account and makes adjustments. He also studied the basic motivation for repurchases, such as why companies want to return capital to its owners. Houston says that most companies do this because they have excess cash and cannot earn an acceptable minimum rate of return on an investment.

Current Economy

As for the current economic situation, Houston feels it is a mixed bag. He says that it appears things are stabilizing, but this economic slow down is different from any we have ever seen, which means the recovery will also be much different. Houston points to the fact that two-thirds of all economic activity is driven by consumer behavior, and consumer activity is slowing. He believes the recovery will be slow because this time we cannot rely on consumers to lead the economy out of the slump rapidly.

Houston believes the recovery might be “W” shaped, and that while the market has recovered significantly, there will be a period of readjustment. He feels that the recent earnings surprises came from drastic cost reductions, not from increased sales. Companies are operating at bare bones, meaning positive surprises in the next quarters can mainly come from increased sales, which depends on consumer spending.

Advice for Graduates

Professor Houston’s No. 1 piece of advice for undergraduates and graduates looking for jobs is to

follow your passion, regardless of what people tell you to do. He says you should not place too much weight on salary, because if your heart is not in the job itself, you won’t stay with the company. He also believes that education is the key to finding success and opening doors. Always find ways to attain more education. Houston believes that this does not mean only formal education. He recommends taking continuing education classes and staying current on news and analysis. ♦

The Arditti Center for Risk Management Presents: A Research Seminar

HEDGE FUND RANKING IN THE PRESENCE OF SKEWNESS AND KURTOSIS

On Thursday, Oct. 22, the Arditti Center will host a research seminar covering commonly used hedge fund ranking schemes, including the Sharpe, Sortino, Omega and Kappa indexes. For return distributions which are Gaussian, these schemes give identical rankings. For distributions which possess Skewness and Kurtosis, different rankings occur and we find that these schemes are incompatible with being a rational risk-averse investor. The seminar will introduce

a different ranking process as well as develop an exact analytical solution and an approximate formula for practical use.

Please join Clinical Professor of Finance Jack Mosevich and Associate Professor Massimo Di Piero from the College of Computing and Digital Media from 4-5 p.m. for this free program. If you would like to reserve a spot, email Kelly at kglenn2@depaul.edu or call **(312) 362-7531** for information. ♦

Recent Graduate Profile: Shobha Vaidyanath



Shobha Vaidyanath grew up in Bombay, India, and moved to the United States almost seven years ago after completing her bachelor’s degree at the University of Mumbai. When she first arrived, she took a short break from school and worked in banking and taxation. She

enjoyed the Chicago business community and started thinking about the advantages of an MBA.

DePaul was on the short list of schools that she considered. She met Bob Ryan, who teaches in the Kellstadt program, and attended one of his classes—she was instantly hooked on DePaul. It was not the easiest time for her to begin classes because she had a six-month-old daughter running around at home. However, her class options at DePaul helped her intern at Rosenthal Collins Group as an associate risk manager, attend class and be with her family.

She found her internship through the DePaul Career Center Web site and after three months of part-time work it turned into a full-time position.

Vaidyanath said that “the best part of her DePaul experience was the professors that also work in the industry” and that she took advantage of department connections to the CME Group. She attended several events sponsored by the Arditti Center for Risk Management and was also the recipient of the Arditti Center Scholarship Award for students in risk management.

Vaidyanath graduated from DePaul’s Kellstadt Graduate School of Business this past summer. She plans to continue working in Chicago at Rosenthal Collins Group. If you would like more information on the Arditti Center for Risk Management or its scholarship program, please visit www.finance.depaul.edu/arditti or stop into the department and request information on finance scholarships. ♦

Melody Hobson, President of Ariel Investments, to give Keynote at Wealth Management Conference



The second annual fall conference sponsored by DePaul's Center for Financial Services with support from LPL Financial will be Wednesday, Oct. 28. The keynote address will be given by Melody Hobson, president of Ariel Investments. The program will consist of two panels, lunch and two afternoon workshops.

Panel One: "The New Business Model for Wealth Management"

Panel Two: "The Changing Landscape for Financial Advisors"

Workshop A: Estate Planning

Workshop B: Re-Thinking Asset Allocation

RSVP is required by Friday, Oct. 23, to Kelly at **(312) 362-7531**. The conference will take place at the DePaul Center, 1 E. Jackson Ave., Chicago. The cost is \$45 and you can pay over the phone via credit card. For more information on the conference and to view the full program and speaker list, visit **www.finance.depaul.edu/cfs**. If your company is a member of the Center for Financial Services, you can attend for free. The member list is included on our web site listed above.

The center will also host its regular Quarterly Investment Strategy Update on Tuesday, Nov. 3 at the DePaul Center from 3:30-5:00 p.m.. Our speaker for this session will be Jim Paulsen, Chief Investment Strategist for Wells Fargo. For reservations, email **CFS@depaul.edu**. This event is free to attendees.

For more information on the Center for Financial Services at DePaul University, please visit our web site at **www.finance.depaul.edu/cfs** ♦

Alumni Reunion 2009

The Office of Alumni Relations will host Reunion Weekend Oct. 16-18, 2009. Class years ending in "4" and "9" will be celebrated this year, but all graduates and their families are welcome to attend. It is a great opportunity to connect with former classmates, share memories and visit your Alma Mater.

Reunion Weekend 2009 will also honor alumni from three affinity groups: alumni of *The DePaulia* student newspaper, International Study Abroad Programs and School of Public Service study abroad participants.

The featured events for 2009 include:

Friday, Oct. 16

Reunion Luncheon Classes 1959 and Beyond

Open House All Reunion Classes

Young Alumni Reception – Classes 2004 to 2009

Saturday, Oct. 17

Reunion Dinner and Celebration – All Reunion Classes



Sunday, Oct. 18

Reunion & Family Weekend Mass – All Reunion Classes

Reunion Weekend Brunch – All Reunion Classes

For more information on Reunion 2009 or to register for events, please visit **alumni.depaul.edu/events/reunion/Default.aspx** ♦

Interview with John McAdams MBA '70



John McAdams

John McAdams grew up in Hyde Park on Chicago's South Side and attended Loyola Academy when it was located in Rogers Park on the North Side. He attended Holy Cross College in Massachusetts and spent two years in the navy before returning to Chicago to start his career with Continental

Bank. While working, he completed a MBA in finance attending night classes on a part-time basis. He picked DePaul because "the approach to an MBA seemed more practical and useful than other schools at the time."

During his career at Continental Bank, which spanned more than 35 years, he was primarily involved in corporate and international banking. On the international side, he ran the trade finance group and later became senior vice president of company's Asia-Pacific operations, which included overseeing 10 branches and offices from Japan to Australia. He joked, saying that he "always knew it was time to travel again when the jet lag ended." During the early '90s he focused on corporate banking, being named senior vice president of corporate banking and later executive vice president.

During 2002, he left Bank of America and went to work for The Export Import Bank of the United States (EXIM), initially as their chief credit officer and then as senior vice president of export finance and chief operating officer. Currently, the portfolio at EXIM is approximately \$60 billion and it has 380 employees. EXIM's primary mission is to create and maintain jobs in the United States by supporting the financing of U.S. exports. McAdams said that the bank deals with about 90 countries and he travels globally from Latin America to Asia and Europe and such countries as Brazil, China, Mongolia, India and Kazakhstan.

As the official credit export agency of the U.S. government, EXIM is "a very interesting and challenging place to work," he says, and encourages young people, when choosing their career, to consider all opportunities, particularly all those with the government. He feels that "opportunities are significant in the government, including being given important responsibilities at an early stage in one's career. The compensation is competitive and there is a sense of satisfaction that can come from being part of the government."

What advice does he give to current students and new graduates? "First and foremost," he says, "get involved in something that you love because you will spend most of your day-to-day life doing it. You should not make your decision based solely on or even primarily on compensation. It is important, but other aspects warrant careful consideration such as the work environment, the people with whom you will interact, the potential contribution you may make and the satisfaction you will receive from the work you will be doing. Whatever direction you chose, always work hard and do your best. Each day you will be faced with making decisions, and you should be confident that DePaul prepares you well to make those critical judgments that will contribute to your success."

While in Chicago during the late '80s and early '90s, McAdams was involved as a volunteer with the Ravinia Board of Directors, the Catholic Charities Advisory Board, the Illinois Bankers Association, and the Chicagoland Chamber of Commerce. Since moving to Washington, he has been involved with the National Symphony Orchestra, WETA (public TV and radio), and the Washington Economic Club. McAdams and his wife, Alfie, have three adult children and four grandchildren. ♦

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McAdams continued working at Continental Bank after it was purchased by Bank of America in 1994 and through Bank of America's merger with Nations Bank in 1998. In conjunction with the merger, McAdams was transferred to Washington, D.C., as president of Mid-Atlantic Bank Private Bank, which then managed \$16 billion in assets and credit of \$2.5 billion.

Event Calendar

Please save the date for the following programs:

Oct. 22 – DePaul Center

Arditti Center for Risk Management: Research Seminar
www.finance.depaul.edu/arditti

Oct. 28 – DePaul Center

Center for Financial Services: Wealth Management Conference
www.finance.depaul.edu/cfs

Nov. 3 – DePaul Center

Center for Financial Services: Investment Strategy Update
www.finance.depaul.edu/cfs

Prospectus is sponsored by the Department of Finance and the Circle of Finance Opportunities (CFO), which is composed of alumni and friends of the department. If you would like more information on CFO or on contributing an article to Prospectus, please contact Kelly Glenn in the finance department at (312) 362-7531 or kglenn2@depaul.edu. Prospectus is published three times each year during fall, winter and spring quarters.

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Deloitte Event Wrap Up

Forty alumni and current students from DePaul gathered for a CFO networking event on July 23. Jordan Bongiovanni and Joice Pharris from Deloitte Financial Advisory Services presented an overview of their business, followed by a Q&A. Afterward, guests enjoyed refreshments and a networking session. All proceeds from this event were applied to the CFO scholarship fund. Deloitte Touche Tohmatsu sponsored this event.

Would your company be interested in sponsoring a CFO event? If so, contact Kelly in the finance department at kglenn2@depaul.edu or **(312) 362-7531**. ♦