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IVO WELCH is the J. Fred Weston Distinguished Professor of Finance and Director of the UCLA Anderson’s Fink Center for Finance & Investments. His finance research has been unusually broad, including initial public offerings, dividend policy, capital structure, earnings management, overconfidence, corporate governance, and stock market prediction. He is the recipient of several awards for his research and teaching. Currently, he is working on practical capital budgeting and practical hedging. He is perhaps most known for his research in herd (informational cascades), an area in which he has co-written one of the seminal papers. He has been an associate editor at the Journal of Finance and Review of Financial Studies and is now the executive editor of the Critical Finance Review. He has also published a corporate finance textbook which is freely available on the web, and started programs to bring minority high-school students to visit UCLA for a day. In a past life, he was the principal of a small hedge fund (and he still sits on the board of another hedge fund). Most importantly, he enjoys the intellectual challenges and the variety of UCLA’s many interesting people.

Haley Ludwigson (MBA ’09, CFA) is the Executive Director of the UCLA Anderson’s Fink Center for Finance & Investments. She has 6 years of experience working in investment management and investment banking. Most recently, she was a vice president and account manager for PIMCO in their Newport Beach and London offices. Prior to joining PIMCO in 2009, she worked in real estate syndications at Bank of America Securities. Previously, Mrs. Ludwigson was a portfolio management analyst focused on corporate real estate at Bank of America. She holds an MBA from UCLA Anderson School of Management and an undergraduate degree in business from the University of North Carolina at Chapel Hill.

In This Issue

ACADEMIC PERSPECTIVE
Behavioral Economics and the Retirement Savings Crisis
Shlomo Benartzi and Richard Thaler

FINK CENTER FELLOWS
Investment Banking and Investment Management Fellows

EVENTS
A Discussion on Investment Principles
with Ric Kayne and Howard Marks
Financial Implications of Going Green Conference
2nd Annual UCLA Anderson Investing Conference
Fink Center AIA Stock Pitch Competition
Private Equity Roundtable
Fink Center Research Seminar Series
Fink Center Market Chat Series
ASAM Speaker Series
Upcoming Events

IN THE NEWS
MFE Team Wins Trading Challenge Competition
MBA Team Takes 2nd Place at Ross Stock Pitch Competition

FACULTY NEWS
Professor Richard Roll, Joel Fried
Chair in Applied Finance, Awarded the 2012 Harry M. Markowitz Award
Professor Hanno Lustig Becomes New Faculty Director for Masters in Financial Engineering Program
Professor Shlomo Benartzi’s book Save More Tomorrow #3 on WSJ List
Behavioral Economics and the Retirement Savings Crisis

Shlomo Benartzi1,2* and Richard H. Thaler3

Many countries are facing a retirement savings crisis. In the United States, for example, the fraction of workers at risk of having inadequate funds to maintain their lifestyle through retirement is estimated to have increased from 31% to 53% from 1983 to 2010 (1). Roughly half of U.S. employees (78 million) have no access to retirement plans at their workplace (2). Fortunately, there are solutions to these problems. We simply have to change the choice architecture of retirement plans by utilizing the findings of behavioral economics research (3) and make such plans available to all workers. We describe a large-scale field demonstration of the potential impact of such research-based changes in how we save.

One reason for the savings crisis is the ongoing shift in the private sector from defined benefit pension plans (DB, where retirement benefits are formulaic and known in advance) to defined contribution plans (DC, where benefits depend on investment outcomes). This trend is spreading to the public sector as well and is likely to quicken given the dire underfunding of many state and local pension plans (4). The United States is not alone in facing these problems. The UK is launching the National Employment Savings Trust, a national payroll savings plan similar to the New Zealand KiwiSaver program.

Making a payroll-based savings plan available to everyone is essential because it is the most effective way for the middle class to save. But having a plan offered at the workplace is not sufficient. Even for those with access to an employer-sponsored plan, almost a quarter fail to join, and among those who do join, many save too little (5).

There are four essential ingredients to any comprehensive plan to facilitate adequate saving for retirement: availability, automatic enrollment, automatic investment, and automatic escalation.

Availability. Every U.S. worker should have easy access to a payroll deduction–based DC plan. The Obama Administration has proposed a universal program called the automatic enrollment plan. The percentage of U.S. employers who offer 401(k) plans that automatically enroll employees has risen from 14% in 2003 to 19% in 2005 (6).

Automatic enrollment. In traditional DC plans, participants must make an active decision to enroll, including picking a savings rate and an investment portfolio. Many employees intend to join but never get around to it. There is now conclusive evidence that automatic enrollment, where employees are automatically signed up unless they opt out, is extremely successful in overcoming the procrastination that can impede signing up. Opt out rates average about 10% (5, 6).

Automatic investment. If employees are automatically enrolled, there has to be a default investment option. Fortunately, since the Department of Labor established the criteria for qualified default investment vehicles, both employers and asset managers have worked to create a variety of investment vehicles that provide employees with sensible diversification and an asset allocation mix that is automatically rebalanced when stock prices change (thus, buying stocks in 2009 when the market bottomed), as well as adjusting the portfolio as the employee ages.

We argue that the solution to the problem of saving too little is automatic escalation, a generic term for a plan we devised called Save More Tomorrow (SMT), based on behavioral economics research (8). The original SMT program has three components.

First, employees are invited to commit now to increase their saving rate later, perhaps next January or a few months in the future. Self-control is easier to accept if delayed rather than immediate. Second, planned increases in the saving rate are linked to pay raises. This is meant to diminish the effect of loss aversion—the tendency to weigh losses larger than gains (9). Because the increase in the savings rate is just a portion of the pay raise, employees do not see their pay fall. Third, once employees sign up for the plan they remain in it until they reach a preset limit or choose to opt out. This uses inertia to keep people in the system.

At the first company that implemented SMT, employees who elected to join (and 78% of those offered the plan did) ended up almost quadrupling their saving rate from 3.5% to 13.6% in slightly less than 4 years (8). This evidence of success stimulated employers and administrators to adopt the Save More Tomorrow program.
The ideas are spreading, but has retirement saving actually increased? To address this question, we estimated the effect of automatic escalation, because automatic enrollment can have a ambiguous effect on the average saving rate. We contacted the largest 25 companies that administer retirement plans, which service roughly 90% of participants in DC plans according to the 2012 Pensions and Investments directory of retirement plan providers (11, 12) [supplementary materials (SM)]. We asked each plan provider for the following data as of the end of year 2011: the number of plan participants they serve who are currently making contributions to their plan (N); the number of plan participants who are enrolled in an SMT or other automatic escalation program (S).

We received data from 13 of the 25 plan providers, covering 55% of plan participants according to the Pensions and Investment directory (13) (SM). Of the 20,628,702 contributing participants in our data, 2,268,726 are enrolled in an automatic escalation program, yielding a utilization rate (S/N) of 11%. If this utilization rate is applied to the entire universe of participants, we estimate that there are already about 4.1 million participants who are enrolled in automatic escalation, because automatic enrollment has spread among U.S. employers is shown in the chart. By 2011, 56% of employers who offer 401(k) plans automatically enrolled employees, and 51% offered automatic escalation (10).

We calculated the effect of automatic escalation on retirement plan saving rates, based on the conservative assumption that salary deferral rates are increased automatically by just 1 percentage point per year for only 3 years. These are the minimum requirements set by the Pension Protection Act of 2006. Some plans go beyond this minimum, either in the rate at which deferrals are increased or in the number of years such increases are continued, so our estimate of the increase in savings is biased downward. Our estimate is also biased downward because we do not include the effect of additional matching contributions by employers, typically 50% up to some cap. At the current utilization level of automatic escalation, 11% of participants boost their salary deferral rates by 3% over 3 years, which results in an average increase of 0.33% for the universe of plan participants (11% penetration times 3% increase in deferral rate). To put this 0.33% effect in perspective, the average deferral rate is 6.2%, as reported by the Plan Sponsor Council of America (14). We interpret this as showing that the intervention is having a noticeable effect, even at the currently low take-up rate by employees. We estimate that automatic escalation boosted annual savings by $7.4 billion, if we assume an average annual compensation of $60,000 and a 3% increase in deferral rates (15).

The next step is to increase program utilization. There are three simple ways to achieve this goal. First, it should be easier for workers to join the plan. Of the employees offered the original version of SMT, 78% signed up, in part due to the ease of doing so (employees met with a financial adviser who took all necessary steps to join). Take-up rates in most plans are much lower, in part because employees do not know the option exists or find the sign-up procedure cumbersome. Making the option more salient and making it easier to enroll will likely pay dividends. Alternatively, automatic escalation can be made the default, both for new and existing employees who are stuck at a low savings rate. Of course, in this case, opting out must be easy.

Second, this feature can be included in existing DC plans offered to government workers. For example, the Save More Tomorrow Act of 2012 proposes to offer this feature to federal government workers in their existing Thrift Savings Plan.

Third, automatic escalation should be included in the new plans targeting employees without a savings plan at work such as the auto-IRA and the California Secure Choice Retirement Savings program. Automatically enrolling employees at a low initial savings rate without incorporating automatic escalation is simply bad policy.

One question about these efforts has until recently been impossible to answer. Does inducing larger contributions to retirement saving actually increase total saving, or does it simply shift saving from one place (say, a bank account) into another? However, new work using Danish data that include measures of household wealth suggests that when employees are automatically enrolled into a retirement savings plan, 85% of that savings is new, rather than shifted (16).

Lessons from this savings example can be applied in other domains. For example, much of the rise in health care spending in the United States is not just a problem with the health care–delivery system but also inadequacies in the ways by which we encourage people to be healthy. Dealing with obesity and its health consequences, is first and foremost a behavior problem (17). If we can nudge people toward a healthier diet and more exercise, we will end up spending less delivering treatments. Similarly, in stressing incentives to encourage patients to economize, we can miss more important determinants of health outcomes. For some patients, the most important way to improve health outcomes is to make sure patients take their prescribed medicines, but many do not (18). Charging high copays in such situations is counterproductive. Choice architecture can have profound impacts on behavior, more powerful than might be achieved merely with financial incentives.

References and Notes
10. Data provided by Aon Hewitt, which tend to focus on larger plans that are generally more innovative, so the numbers could be biased upward. By comparison, the Plan Sponsor Council of America reports in their 54th Annual Survey (19) that 46% of plans had automatic enrollment in 2011. Owing to confidentiality concerns, Aon Hewitt analyzed data on authors’ behalf and only provided summary statistics displayed in the chart.
12. According to 2010 Department of Labor data (20), the pensions and investments universe of plan providers covers more than 90% of all plan participants in the United States.
13. Firms shared data on condition of anonymity, so data are stripped of identifying information.
15. At the authors’ request, a large-plan administrator calculated a median income of $62K and average income of $99K for 1.8 million contributing participants in its plans, which suggests that our calculation may be conservative.

Supplementary Materials
www.sciencemag.org/cgi/content/full/339/6124/1152/DC1

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» FINK CENTER FELLOWS PROGRAM

The Fink Center hosts two Fellowship Programs yearly. Students with great potential are chosen as Fellows and receive 3 industry mentors. Mentors come from leading firms and every effort is made so that each Fellow receives a mentor that is junior, mid-level, and senior in their career. Fellows also receive a nominal Fellowship Award. Congratulations to this year's Fellows:

2013 INVESTMENT BANKING FELLOWS

Steve Hollich
Steve Hollich is pursuing an MBA specializing in finance while at UCLA Anderson. Upon completing undergrad, Hollich joined Bank of America Merrill Lynch as a Collateralized Debt Obligation analyst in Chicago and later worked as an underwriter in the commercial bank in San Francisco. Most recently, Steve worked at Martin Wolf M&A Advisors as an analyst covering middle-market companies in the IT sector. At Anderson, Steve is a first-year director of investment banking in the Investment Finance Association and a member of the Wine Club. He graduated from the University of Wisconsin - Madison with a Bachelors in Business Administration majoring in both Finance and Real Estate. Hollich has accepted a summer position at Moelis & Co. in Los Angeles.

Andrew Skrip
Andrew Skrip is pursuing his MBA at UCLA Anderson. Most recently, he worked at Union Bank, where he focused on financial planning, analysis and business strategy within the retail banking segment. At UCLA, Skrip is a first-year director of investment banking in the Investment Finance Association and a member of the Entrepreneurial Association. Skrip attended Claremont McKenna College, where he majored in Economics and Accounting and was a four-year letter winner of the Men’s Varsity Basketball Team. Upon graduation, he took a role with Pricewaterhouse-Coopers and gained CPA licensure. Skrip will be interning at Deutsche Bank in San Francisco this summer.

Matthew O’Connell
Matthew O’Connell is pursuing an MBA in finance at UCLA Anderson. Prior to Anderson, he spent five years at Greenwich Associates providing strategic consulting services to institutional financial services clients. At Anderson, O’Connell is a first-year director in the Investment Finance Association. He graduated with Honors from the University of Connecticut where he majored in Economics and Political Science. O’Connell is spending the summer at Bank of America Merrill Lynch in New York.

2013 INVESTMENT MANAGEMENT FELLOWS

Aylon Ben-Sholomo
Aylon Ben-Shlomo is pursuing his MBA with a concentration in Finance - Investment Management at the UCLA Anderson School of Management. He is a first year director of the Anderson Investment Association and the Jewish Business Student Association. Prior to UCLA Anderson, Aylon spent three years at Ivory Investment Management, a long/short equity hedge fund. Earlier in his career, he worked in the financial services audit practice at Deloitte & Touche in New York. Aylon obtained an accounting degree from the University of Maryland. He enjoys beach volleyball, golf and sports debates. Aylon is a licensed CPA in the State of New York and was awarded the CFA designation in 2011. Aylon will be an equity analyst intern this summer at PIMCO.

Wenting Shen
Wenting Shen is pursuing her MBA at UCLA Anderson. She is a fellow of the Student Investment Fund (SIF) and is a director at the Anderson Investment Association (AIA). Prior to business school, Wenting was an equity research analyst at Goldman Sachs where she covered the healthcare sector. Her team ranked fourth across all sectors in the 2011 Wall Street Journal Best China Analyst Awards. She authored a number of reports, including the Transforming China series etc. Wenting worked most recently in the Singapore office, but has also worked in the Beijing and Bangalore offices of Goldman Sachs. She graduated from Beijing University with a major in Finance, and was an exchange/visiting student to Harvard University, University of St. Gallen, and Tokyo University. She was a volunteer in Delhi, India during her senior year in college. Wenting will be an equity analyst intern at Fidelity Worldwide Investors over the summer of 2013.
Giovanni Urbanucci

Giovanni Urbanucci is pursuing his MBA in finance at the UCLA Anderson School of Management. Prior to business school, Urbanucci worked in public accounting at PricewaterhouseCoopers LLP in Boston where he led audits of investment companies as a manager in the Assurance practice. At Anderson, Urbanucci is a director of the Anderson Investment Association, member of the Student Investment Fund, and level III candidate in the CFA program. He also held a part-time academic internship at Kiitos Capital Management, a long/short value hedge fund in Los Angeles. Urbanucci holds an undergraduate degree from Boston College and is a Certified Public Accountant in Massachusetts. He will be doing equity research this summer at Trust Company of the West.

Danielle Zainer

Danielle Zainer is pursuing her MBA with a concentration in Finance - Investment Management at the UCLA Anderson School of Management. She is a first year director of the Anderson Investment Association and the Women's Business Connection. Prior to UCLA Anderson, Danielle spent four years as an analyst at Pacific Alternative Asset Management Company (PAAMCO), a hedge fund of funds investment firm. Prior to PAAMCO, Danielle worked at Dilts Ventures, a boutique investment consulting firm, where she specialized in corporate venture capital and early-stage investing strategies. Danielle received her undergraduate degree in business and finance from USC Marshall. She holds the CAIA designation and has her Series 3 license. Danielle will be interning at Oaktree Capital this summer in the firm’s Client Relations group.

The Fink Center Fellow Program held its annual dinner on May 22nd at Napa Valley Grill to congratulate all Fellows on their accomplishments and thank all mentors.

The Fink Center is deeply grateful to members of the finance community who have participated as mentors in the Investment Banking and Investment Management Fellowship program. Without their help, this program would not be possible. We thank the following firms for sharing their time, expertise, and guidance with our Fellows.

INVESTMENT BANKING FIRMS:

- Bank of America Merrill Lynch
- Barclays
- Citigroup
- Deutsche Bank Securities
- Eastdil
- Goldman Sachs
- Greenhill
- J.P. Morgan
- Macquarie Capital
- Moelis

INVESTMENT MANAGEMENT FIRMS:

- American Century Investments
- Bel Air Investments
- CalTech Endowment Fund
- Cerberus
- Dimensional Fund Advisors
- Dorchester
- PAAMCO
- PIMCO
- Research Affiliates
- Thornburg
- WAMCO
- Wells Capital
On Friday, December 7, 2012 the Fink Center for Finance & Investments partnered with the Westside Women in Finance to put on a fireside chat between Ric Kayne, Co-founder & Chairman Kayne Anderson Capital Advisors, and Howard Marks Chairman & Founding Principal Oaktree Capital Management. The event began with a networking cocktail reception where students and industry members mingled with the speakers. Faculty Director, Ivo Welch, gave the welcome for the chat, and Ric and Howard answered compelling questions for over an hour. They discussed their career paths, life lessons, personal friendship, and where they see the markets today. The event took place in Anderson’s Korn Hall and was moderated by Audrey Kinsman, Senior Managing Director, Kayne Anderson Capital Advisors, and Parnia Pajand, Senior Vice President, Oaktree Capital Management. Event video can be seen on the Fink Center website.
On January 16, 2013, the Fink Center for Finance & Investments partnered with the Institute of the Environment and Sustainability and their Corporate Partners Program to present a conference on the growing link between finance and sustainability.

The conference commenced with a report on labor productivity at green firms by environmental economist Magali Delmas, a faculty member with the Institute of the Environment and Sustainability and the Anderson School of Management. Her talk concentrated on the relationship between environmental and social strategies and the resulting financial performance. Professor Delmas highlighted her research on the implementation of environmental and social practices and the resulting increase in labor productivity. She provided real-world examples of this adoption in action, identifying Clif Bar, Adobe, Patagonia, and Timberland as organizations that have yielded positive outcomes as a result of their sustainability initiatives.

High-level senior executives from businesses with notable corporate responsibility records were part of a panel discussion. The featured speakers were David Hendler, Senior Executive Vice President and Chief Financial Officer, Sony Pictures Entertainment (SPE), Eric Johnson, Vice President of Capital Projects, Roll Global, and John Lemmex, Chief Financial Officer, Bayer MaterialScience.

Hendler demonstrated how golden Hollywood goes “green.” Citing examples from SPE feature film and television properties, the presentation emphasized that “actions are greener than words.” SPE incorporates eco-conscious practices into how they produce their entertainment through defined carbon emission and zero waste goals, green production policies and packaging, and employee engagement.

Johnson began his talk by noting the company’s principle of “Doing well by doing good.” Roll Global is a private international corporation with a focus on healthy products. Their brands include Fiji Water and POM Wonderful. The talk chronicled Roll Global’s sustainable projects such as setting up solar panels and installing fuel cells at sites throughout California.

Bayer’s Lemmex gave an overview of his organization and discussed their sustainability strategies. Bayer is a global enterprise and inventor company with competencies in the fields of health care, agriculture, and high-tech materials. The company’s sustainable initiatives are divided into three categories: application innovation, responsible operations, and life-cycle stewardship. Their efforts include utilizing renewable energy sources and renovating buildings to meet LEED (Leadership in Energy and Environmental Design) standards.

Bill Kurtz of Bloom Energy delivered the concluding keynote address that focused on the financial benefits of fuel cells. Bloom Energy is the leading manufacturer of solid oxide fuel cells. This technology generates clean, highly-efficient power onsite from a wide variety of fuel sources.

The event closed with a cocktail reception that facilitated further discussion on the topics addressed during the conference.

Credit to: Karen A. Lefkowitz, Communications Officer
Every spring the Fink Center partners with the Anderson Investment Association and Kenneth Broad (‘94) to sponsor a conference on investment management. The conference is attended by over 400 students, alumni, faculty, and industry professionals who gather to hear well-respected executives share investing insights accumulated over years in the business, company history, as well as career advice. The full day event includes a registration breakfast, multiple financial panels, fireside chats, a keynote speech, networking lunch, and cocktail reception.

The 2013 Conference, held on February 8, 2013, was kicked off by Baron Birkofer (MBA Candidate 2013), AIA President. The first panel discussion, “Generating Alpha Through Quantitative Strategies” included Wayne Dahl (Head of Risk Management, Canyon Capital Advisors), Robert Gingrich (Risk Manager, WAMCO), Steve Sapra (Senior Vice President, PIMCO) and was moderated by Shane Shepherd ‘07 (Head of Fixed Income Research, Research Affiliates). The second morning panel “Behavioral Finance: The Psychology Behind Investing” featured Kenneth Broad ‘94 (Senior Portfolio Manager, Delaware Investments), Cynthia Harrington (Principal, Cynthia Harrington & Associates), Randy Saaf (CEO, AlphaGenius Technologies), Avanidhar (Subra) Subrahmanyam ‘90 (Professor, UCLA Anderson), and was moderated by Dan Pomerantz ‘00 (Principal, Bessemer Trust). The final morning panel “The Unprecedented State of Credit Markets” featured Howard Levkowitz (Managing Partner, Tennenbaum Capital Partners), Desmond Shirazi (Managing Director, Oaktree Capital Management), Melissa Weiler (Managing Director, Crescent Capital) and was moderated by Arun Rao (MBA Candidate 2013). Following lunch, attendees learned the ins and outs of “Value Creation Through Public and Private Equity”, a fireside chat featuring Sarah Ketterer (CEO & Portfolio Manager, Causeway Capital) and Stephen Royer ‘91 (Partner, Shamrock Capital Advisors) and moderated by Srinivas Pulavarti (President & CIO, UCLA Investment Company). The closing keynote address was given by Josh Friedman (Co-Founder, Co-Chairman & Co-CEO, Canyon Capital Advisors). To end a successful day, students, alumni, and investment professionals finished with a networking reception in the Alumni Plaza.
On Friday, February 22, UCLA Fink Center held its 2nd annual Fink Center AIA Stock Pitch Competition that brought together 12 teams from the top MBA programs across the country. The teams included: UCLA Anderson School of Business, Chicago Booth School of Business, Columbia Business School, UVA Darden School of Business, Duke University Fuqua School of Business, UC Haas School of Business, Indiana University Kelly School of Business, Richard Ivey School of Business, Michigan Ross School of Business, MIT Sloan School of Management, University of Rochester Simon Graduate School of Business, and USC Marshall School of Business. The full day competition was split into two rounds, a first round in the morning and a final round in the afternoon. During the morning rounds teams competed simultaneously in 4 rooms and pitched a long or short stock that they chose from a list of 20. Each room was judged by two industry professionals and the finals were judged by 5 industry professionals. Judges came from top finance firms including: PIMCO, TCW, DoubleLine, HighMark Capital, UCLA Investment Company, Research Affiliates, MAZE Investments, and Anderson. Teams were randomly assigned presentation time and room, and the best team from each of the 4 morning rooms was chosen to proceed to the finals. During lunch, as judges deliberated, students enjoyed a keynote speech by Joel Fried, President and Director of PRIMECAP Management Company. Joel spoke about his start in investment management and how he thought he was so lucky to be paid for what he loved to do. He spoke about market crises and the ups and downs that come with working in the business. Finally, he gave students advice on how to pick the best stocks and spoke about a stock - an LED light manufacturer and an industry sector - pharmaceuticals that he likes right now.

The finals included 4 teams (UCLA, Ivey, Columbia, and Haas) presenting their buy or sell recommendation on Tesla in front of the judges and a 50 person audience. Teams presented their analyses on the company for 20 minutes followed by 25 minutes for questioning by the judges. Each team did an excellent job.

The event concluded with a reception celebration where winning teams were awarded their prize by the Fink Center.

UCLA ANDERSON TEAM “GREENROCK” TAKES TOP PRIZE IN THE FINK CENTER AIA STOCK PITCH COMPETITION!

- **1st Place, $5,000**: UCLA Anderson, Team GreenRock
- **2nd Place, $3,000**: Richard Ivey School of Business, Team IV Associates
- **3rd Place, $2,000**: Columbia, Team Number Crunchers

1st Place: Team GreenRock

2nd Place: Team IV Associates

3rd Place: Team Number Crunchers

The event concluded with a reception celebration where winning teams were awarded their prize by the Fink Center.
**PRIVATE EQUITY ROUNDTABLE**

On March 13th, 2012 UCLA Fink Center sponsored its annual Private Equity Roundtable at the Hyatt Regency Century Plaza. The event brought together over 100 individuals, to discuss the state of private equity today. The event began with a cocktail reception where students mingled with over 60 industry professionals coming from the top private equity shops in southern California. This reception was followed by a keynote discussion by Robert (Bob) Sinnott, President & CEO, Kayne Anderson Capital Partners, and moderated by Al Osborne, Senior Associate Dean of UCLA Anderson. Bob talked about how he entered into private equity and how he joined Kayne Anderson. He spoke about Kayne Anderson’s aversion to leverage in the oil and gas space and about how they like to compete where Wall Street isn’t looking for them – a strategy that has helped them succeed in earning great returns on their investments. Finally, he gave advice on how to choose a firm and advised that the right culture was one of the most important aspects of fit. The evening concluded with 3 roundtable sessions. Students got the opportunity to speak with industry professionals at intimate table settings for 15 minutes before moving on to the next table. The event is an annual event sponsored by the Fink Center for Finance and Investments and hosted by the Investment Finance Association club at UCLA Anderson.

**COMPANIES IN ATTENDANCE INCLUDED:**

- Ares Management
- Aurora Capital Group
- Babson Capital
- Balmoral Advisors
- Brentwood Associates
- Caltius Equity Partners
- Caltius Mezzanine
- Creo Capital Partners
- Energy Capital Partners
- Freeman Spogli & Co.
- General Atlantic
- Kayne Anderson Capital
- Leonard Green & Partners
- Levine Leichtman Capital Partners
- NewStone Capital
- OpenGate Capital
- Pasadena Capital
- Pegasus Management
- Shamrock Capital Advisors
- Signature Capital Partners
- Skyview Capital
- The Carlyle Group
- The Riverside Company
- Vicente Capital
- Vintage Capital Group

**FINK CENTER RESEARCH SEMINAR SERIES**

The Fink Center in 2012 began an effort to further connect faculty and students by hosting weekly research seminars where faculty can present their current research to students. This seminar is hosted every week during lunch and faculty and students engage on topics beyond the classroom. The Winter research series included finance faculty from Anderson and the Spring research series has broadened to include faculty from Finance, Marketing, and Economics. While all presentations were great, a few examples of great research are: Bhagwan Chowdhry who presented on *Designing Markets for Impact Investing in Businesses*, Hanno Lustig who presented on *The Costs of Quantitative Easing: A European Monetary History Lesson for Today’s Central Bankers*, and Suzanne Shu who presented on *Preferences and Framing Effects for Consumers’ Retiremet Income Decisions*. All papers can be found on the Fink Center website at: http://www.anderson.ucla.edu/centers/fink-center-for-finance-and-investments/events/fink-center-student-seminar-series
FINK CENTER MARKET CHAT SERIES
The Fink Center began in spring 2013 sponsoring monthly market chats. Market chats are held over lunch with 8-10 students where speakers from the industry come to discuss fiscal and monetary policies, financial markets, and specific investments.

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<th>Name</th>
<th>Affiliation/Company</th>
<th>Date</th>
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<tr>
<td>Adam Epstein</td>
<td>Portfolio Manager Maze Investments</td>
<td>April 10</td>
<td>Stock Selection</td>
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<td>Jerry Nickelsburg</td>
<td>UCLA Anderson Forecast and Adjust Professor</td>
<td>May 15</td>
<td>Fiscal and Monetary Policies Effect on the Markets</td>
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ASAM SPEAKER SERIES
The Fink Center sponsors the Anderson Student Asset Management Club at UCLA Anderson. The club manages an investment fund that seeks to identify and exploit investment opportunities through large-sample quantitative techniques and detailed fundamental analysis of specific companies. The fund’s annual report can be found on the Fink Center website at: http://www.anderson.ucla.edu/anderson-student-asset-management-(asam)

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<tr>
<td>Carl Ludwigson</td>
<td>VP Manager Research, Bel Air Investments</td>
<td>Dec. 3</td>
<td>Hedge Fund Manager Research</td>
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<td>Mick Swartz</td>
<td>USC Professor, Founding Member of the Los Angeles Branch of the Chartered Alternative Investment Association</td>
<td>Feb. 25</td>
<td>Hedge Fund Industry</td>
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<td>Ankur Kohli</td>
<td>Director/Cliffwater Advisors</td>
<td>Jan. 14</td>
<td>Hedge Fund Industry</td>
</tr>
<tr>
<td>Phill Scully</td>
<td>Equity Research Associate at Capital Group</td>
<td>Jan. 28</td>
<td>Capital Group and Long Term Investing in Equity Market</td>
</tr>
<tr>
<td>Kevin Lenaghan</td>
<td>Former ASAM Fellow and Hedge Fund Analyst</td>
<td>Feb. 4</td>
<td>Global Macro Stock Investing</td>
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UPCOMING FINK CENTER EVENTS

FALL
- Larry Fink & Bill Gross Event - October 3, 2013
- Investment Banking Fellow Application and Selection Process - October 11, 2013
- Investment Management Fellow Application and Selection Process - October 18, 2013
  - Faculty Research Series - weekly
  - Market Chats - monthly
  - Research Grant Submissions - ongoing

WINTER
- AIA Conference - February 7, 2014
  - Faculty Research Series - weekly
  - Market Chats - monthly
  - Research Grant Submissions - ongoing
  - Fink Center AIA Stock Pitch Competition - February 28, 2014

SPRING
- PE Roundtable March 12, 2014
  - Faculty Research Series - weekly
  - Market Chats - monthly
  - Research Grant Submissions - ongoing

SUMMER
- Fink Center Bulletin Comes Out!
  - Research Grant Submissions - ongoing
  - PhD Summer Sponsorship

The Fink Center sponsors and hosts numerous other talks and conferences throughout the year.

If you would like to partner with the Fink Center on an event, please contact: fink.center@anderson.ucla.edu
IN THE NEWS

» UCLA ANDERSON MFEs WIN 2012 TRADING CHALLENGE COMPETITION

This year a number of MFEs participated in the University Trading Challenge at NY’s Baruch College. The challenge culminated in New York on November 16, 2012. Congratulations to the winning team and all of the MFE students who participated in this competition.

WINNING TEAM
Can Zhao, Class 2012
Hui Chen, Class 2012
Bo Wang, Class 2013
Yun Lei, Class 2013

TEAM 2 - STUDENTS FROM THE CLASS OF 2013
Jimmy Yeung
Ranaji Krishna
Ensu Yang (Best individual trader winner)
Pithawat Tan Vachiramon

» THE ROSS INVESTMENT COMPETITION

The Ross Investment Competition was a two-day event, November 15 & 16, 2012 featuring 11 top MBA programs from both the U.S and Europe.

The participants included:
• Chicago Booth School of Business
• Columbia Business School
• Duke - The Fuqua School of Business
• Kellogg School of Management
• London Business School
• NYU Stern School of Business
• Richard Ivey School of Business
• Stephen M. Ross School of Business
• SC Johnson Graduate School of Management
• Tepper School of Business - Carnegie Mellon University
• UCLA Anderson School of Management

The competition consisted of two rounds where the teams presented in front of a panel of 8 judges (buy-side analysts, sell-side analysts, and portfolio managers). Prior to the event, the judges put together a list of 25 investment options and distributed the list to all registered participants. Each team had to select one investment option and put together a presentation to either buy or sell the security. In addition, each team had to develop a second presentation to recommend either a buy, hold, or sell rating for Ford Motor Co., in case the team was selected for the final round. For both rounds, each team was allotted 15 minutes for the presentation and 30 minutes for Q&A.

For the first round, UCLA pitched Tractor Supply Co. (TSCO, buy rating, PT $112). They presented very well and made it to the final round. Three other teams made it as well: Michigan’s Ross School of Business, Cornell’s Johnson School of Graduate Management, and Carnegie Mellon’s Tepper School of Business. For the final round, all teams pitched Ford Motor Co. UCLA placed second by recommending a hold rating and PT of $12. For the second place finish, they were given a SumZero Elite membership ($1,500 value). Ross won the competition and was awarded a $5,000 grand prize.
Hanno Lustig has become the faculty director of the Masters in Financial Engineering (MFE) Program, succeeding Bhagwan Chowdhry who served as the MFE faculty director for the past three years and under his leadership, the UCLA Anderson MFE has established itself as one of the top programs of its kind in finance. Hanno brings a distinguished record of scholarship, teaching, and service to his new role as faculty director of the MFE. Since 2010 he has been a Research Associate of the NBER and he currently serves as associate editor of the Journal of Finance, Quantitative Economics, and Finance Research Letters. Hanno has taught and advised students in the MFE program since its inception with the class of 2009, and has helped in the MFE admissions process.

Richard Roll. UCLA Anderson’s Joel Fried Chair in Applied Finance, has been awarded the 2012 Harry M. Markowitz Award by the Journal of Investment Management and New Frontier Advisors. Roll, and his co-author Moshe Levy of the Jerusalem School of Business Administration at Hebrew University of Jerusalem, were recognized for their paper “A New Perspective on the Validity of the CAPM: Still Alive and Well.” The paper demonstrates that “the Capital Asset Pricing Model (CAPM) cannot be empirically rejected, in spite of the many academic studies that suggest otherwise.”

Professors Roll and Levy’s work was recognized by a selection panel comprised of Nobel Prize winners Harry M. Markowitz, Robert C. Merton, Myron S. Scholes and William F. Sharpe. The Markowitz Award comes about a year after Roll received the Graham and Dodd Best Perspectives Award for his paper, “The Possible Misdiagnosis of a Crisis.”

Shlomo Benartzi’s book Save More Tomorrow (co-author: Roger Lewin) was listed as #3 on Wall St. Journal list of bestselling hardcover business books. Benartzi’s most significant research contribution is the development, with Richard Thaler of the University of Chicago, of Save More Tomorrow (SMaRT), a behavioral prescription designed to help employees increase their savings rates gradually over time. The book is divided into four sections: Save, Save More, Save Smarter and Behavioral Finance In Action. Much more than a simple “how to save” manual, “Save More Tomorrow” uses comprehensive applications of behavioral finance to improve retirement outcomes.
The opinions expressed are solely those of our contributors and not necessarily those of anyone else associated with the Fink Center, including the staff, directors, board and supporters. We welcome letters to the editor (fink.center@anderson.ucla.edu) to be published in the next Bulletin.