

FEP Summary

The Financial Education Partnership (FEP) is a collaborative effort between Professor Emma Rasiel and the Duke University Career Center, to enrich and expand co-curricular and extra-curricular programs and education for students interested in finance and the financial markets. The FEP utilizes a model of corporate sponsorship by financial institutions, typically linking with prominent Duke alumni in these companies, to expand opportunities for education and interaction between Duke undergraduates and Wall Street. FEP Sponsors are invited to participate in these activities in both formal and informal settings in order to facilitate learning and increase communication between students and the financial services industry.

FEP Initiatives

▪ **Educational Competitions & Activities**

- Trading Game
- Corporate Valuation Competition
- Wall Street Journal Competition
- Financial Markets Lecture Series
- Sponsored Research projects
- Intensive Corporate Valuation seminar

• **Duke in New York connection**

▪ **Student Advising and Mentoring**

▪ **Minority Outreach**

▪ **Duke Career Center Connection**

- Career Fair Registration
- Diversity Dinner Invitation
- Vault Guide sponsorship

▪ **Visiting Lectures**

▪ **Recruiting Strategy Consultations**

2008 – 2009 Sponsors

Bank of America
Barclays Capital
Deutsche Bank
Goldman Sachs
Morgan Stanley
UBS



▪ Recruiting Statistics

- As of March 2009, more than 50 Duke undergraduates have reported obtaining summer internships in the financial markets—about 60% of these are with leading investment banks
- While this is, inevitably, a significant reduction from last year's summer internship numbers, several of these students have internships with financial firms that are actively recruiting at Duke for the first time
- In other cases, students have shown initiative in carrying out their own, independent job hunt and securing internships with smaller, regional financial firms

Individual Sponsor Activities

The Financial Education Partnership created and administered three stand-alone educational competitions for Duke juniors and sophomores in Fall 2008, as well as arranging a finance lecture series and corporate valuation seminars in Spring 2009. Each activity was sponsored by an individual investment bank. These educational opportunities were widely advertised, and open to all Duke juniors and sophomores, regardless of their academic major. Thus the FEP broadened the opportunities for all Duke students to learn about many different aspects of the financial markets in an extra-curricular setting.

Corporate Valuation Case Study Competition

Nov 2008

- Undergraduates self-selected into three-student teams to produce a PowerPoint presentation evaluating alternative liquidity enhancement strategies for Thompson Foods, a UBS Case Study adapted by FEP for Duke
- Ultimately 19 teams submitted presentations
- The FEP Director selected the best ten teams who:
 - presented their results to a 6-member panel of bankers
 - responded to the panelist's questions
- The panel selected the top three teams: the winning team was awarded a day-long visit to the sponsor, to include interviews for summer internships
- The day concluded with a reception for all 60 participating students as well as visitors from the sponsor

Wall Street Journal Competition

Nov 2008

- This competition included two components:
 - an hour long quiz created by FEP, which contained questions about financial/business news stories in the WSJ over the previous six weeks
 - A "Weekly News Report" competition, in which students paired up to create and deliver a two page summary of a specific week's domestic and international business news
- 50 undergraduates participated in both aspects of the competition
- The FEP selected 10 teams from the Weekly News Report competition to present their weekly reports to a panel of bankers
- The winning team in the Weekly News Report competition was awarded a day-long visit to the sponsor. Winners in both components were automatically invited for summer internship interviews

The Trading Game

Fall 2008

- The Trading Game was created by FEP Director Emma Rasiel in 2004, and has been sponsored by the same Investment Bank for the last four years
- Nearly 80 students participated actively in this Game, in which competitors manage portfolios of global assets throughout the Fall semester, and submit a written trading journal documenting their strategy
- Traders are evaluated on the basis of both absolute and risk-adjusted return, subject to risk limits on individual assets and on the portfolio as a whole, based on a Value at Risk (VaR) framework.
- Winners in each category are flown to New York to visit the sponsor's trading floors, and are interviewed for summer internships
- The game concluded at the beginning of December, with a reception for all of the traders as well as visitors from the sponsoring bank.

Lecture Series**Fall 2008**

- 70 undergraduates participated in a series of four 90 minute lectures by visitors from the sponsoring bank.
- Topics included:
 - The credit crisis
 - An overview of investment banking
 - Emerging markets
 - The role of an investment banking analyst

Corporate Valuation for Summer Interns**Spring 2009**

- The FEP Director offered a two hour, interactive corporate valuation seminar, especially directed at investment banking interns, although all sophomores and juniors were invited to attend
- 70 participants were given spreadsheet templates and guided to create their own valuation models using the following techniques:
 - Discounted cash flow analysis
 - Comparable companies analysis
 - Precedent transaction analysis
- Participants were also invited to attend a Reception, in which they were given guidance on how to make the most of their summer internship

Training the Street Financial Valuation Seminar**Jan 2009**

Approximately 50 students attended this four hour, intensive valuation seminar provided by Training the Street (TTS), a New York financial training firm. This seminar has been offered to Duke undergraduates every year since 2004, and the same Investment Bank has sponsored this event annually since 2006

Financial Market Seminar**Fall 2008**

- FEP Director Emma Rasiel teaches a class on the financial markets to 24 students (primarily juniors). The goal of this course is to expand students' awareness and understanding of financial markets, products offered and the interplay of macroeconomics on asset market movements and valuation
- Each FEP sponsor has been invited to send a guest lecturer to speak to the class. Fall 2008 lectures have included:
 - A timeline for the financial crisis
 - The brave new world of sales and trading
 - A future model for global banking

**Duke in New York: Financial Markets and Institutions**

The DiNY Program runs throughout the Spring semester, with students living in Manhattan and taking courses with Duke affiliated faculty. The program also provides students the opportunity to become more familiar with the full scope of career opportunities in financial services, as well as developing a strong sense of community with many Duke Alumni who have participated in the program.

In Spring 2009, FEP played a key role in arranging both curricular and extra-curricular components of the Program with more than a dozen New York institutions, including: guest lectures, panel discussions, visits to trading floors, and socials hosted by Wall Street Investment Banks and other institutions. During the 2009 Spring semester, 21 DiNY students enjoyed interactions on a variety of levels with more than a dozen financial institutions, and many Duke Alumni working in New York. For more information, see: <http://www.econ.duke.edu/DukeinNY/program.html>

Minority outreach program

One of the FEP's stated goals is to increase opportunities for all undergraduates to learn more about the financial markets, regardless of their gender, ethnic group, and academic major.

Meanwhile Wall Street is eager to attract and recruit more minority candidates, since African-Americans, Hispanics, and other ethnic groups are significantly under-represented among the New York investment banks.

Update from 2007/2008

- FEP initiated the minority outreach program in Fall 2007, with a series of evening events designed to introduce minority freshmen to the idea of possible careers in finance
- Of some 40 attendees at these events, 12 freshmen went on to attend a bi-weekly lunch/reading group during the Spring 2008 semester
- In Fall 2008, 7 of these students, now sophomores, enrolled in FEP Director Emma Rasiel's undergraduate finance seminar
- Ultimately, 2 of these students decided to apply for summer internships in finance after their sophomore year. Both of these students secured summer internships at leading New York investment banks

Minority Outreach 2008/2009

- During the Fall semester, FEP once again offered a series of evening events for minority freshmen. Many of the previous year's participants were actively involved in both the marketing and programming of these events
- During the Spring semester, FEP has hosted a series of lunch/reading group meetings for this year's freshmen, with an open invitation to last year's lunch group participants. This has fostered some continuity in the program, with sophomores as role models for the younger students.
- In Spring 2009, the FEP Director was awarded Duke's Equity, Diversity, and Inclusion Award (EDI) for significant contributions to enhance diversity within Duke.



Advising & Mentoring

- The FEP Director and FEP Program Director offered 15 hours of "walk-in advising" each week, for students needing career advice, resume review, mock interviews and interview preparation skills
- A number of Duke alums at sponsoring firms also offered informal mentoring to students, to help with preparation for the summer internship recruiting process
- The FEP also works with and advises a number of student clubs, including:



- Duke Investment Club, an equity mutual fund run entirely by students, which manages about \$30,000 of student and alumni funds
- Duke Venture Forward (DVF), which arranges programs for undergraduates interested in business, with a social entrepreneurship component. In 2009, the FEP instituted an annual award for the DVF student who demonstrates the strongest commitment to community outreach in Durham.
- Fuqua2Duke, through which Fuqua MBA students provide mentoring and develop programs to assist undergraduates with career choices.

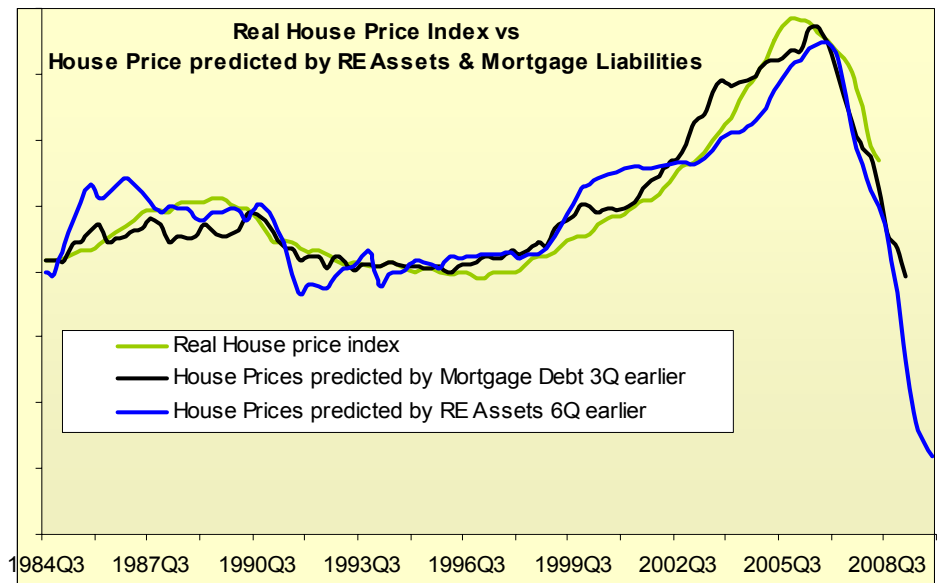
Undergraduate Research Projects

Students are selected to work on faculty-directed independent research, as requested by and on behalf of Sponsors. This provides sponsors the opportunity to obtain detailed, relevant research, and to interact with students who have been chosen to work on these projects.

Determinants of Consumer Leverage & Implied House Price Forecasts

Spring 2009

- Using publicly available data over the last 35 years, two students analyzed changes in consumer borrowing patterns for various classes of household debt, including: mortgage loans, other securitized debt, and unsecuritized debt
- The students built multi-factor linear regression models to assess both macroeconomic and structural drivers of these different classes of debt.
- Their analysis led to various hypotheses that may help to explain the dramatic increase in mortgage borrowing over recent decades, relative to other forms of consumer debt
- Additional implications of their analysis include forecasts of future aggregate US house prices under various macroeconomic scenarios
- The students' forecasting model was adapted as part of a published research paper by the sponsoring bank.



Implications of changing correlations for VaR assessment

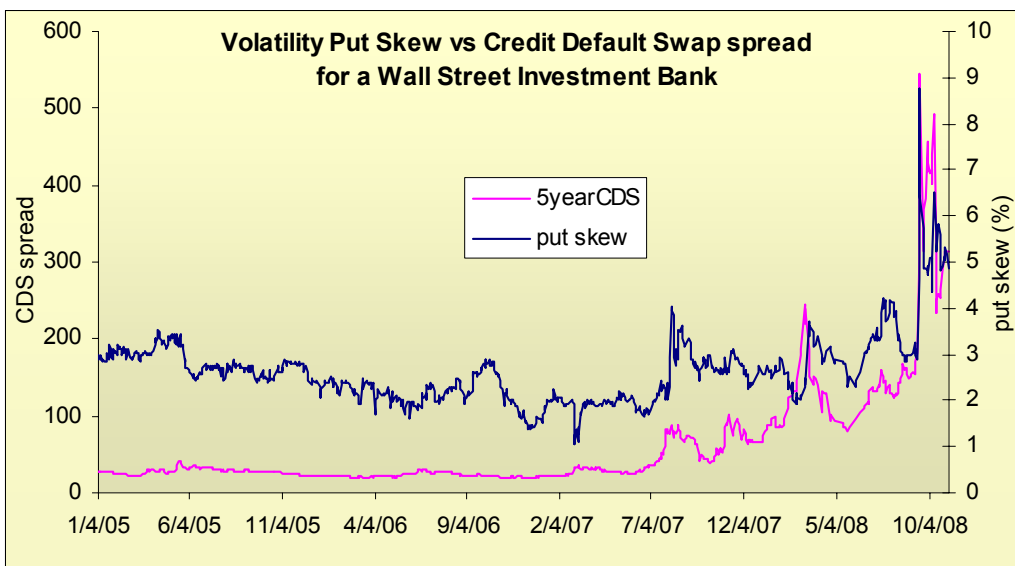
Spring 2009

- Using publicly available data, two students estimated variance – covariance matrices for a range of global equities, bonds, commodities and currencies under different economic scenarios
- Using these matrices within a Value at Risk framework, the students assessed aggregate portfolio returns, volatilities, and Sharpe ratios for traders participating in the FEP Trading Game over the last several years (see page 2).
- The students determined best strategies for estimating VaR matrices on a rolling day-to-day basis, to optimize risk-return tradeoffs during bull, moderate, and bear markets.

Analysis of credit risk in the equity and bond markets

Fall 2008

- Using Bloomberg data on both implied volatilities in the equity markets, and credit default swap spreads in the fixed income markets, two students compared these two measures of risk for a number of financial institutions prior to, and during, the recent credit crisis



- The students identified that correlations between these two measures of a company's perceived risk increased during periods of market dislocation relative to when markets were functioning more smoothly.
- The extent of the correlation change appeared to be influenced by the extent of government intervention for each institution.

Database of Special Assessment Municipal Bonds

Fall 2008

- Using prospectuses provided by the Sponsor, three students created a database of some 50 special assessment bonds in the state of Florida, with approximately 25 (qualitative and quantitative) fields per bond
- The database was used to facilitate comparison and analysis of these assets for marketing and trading purposes

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FEP Staff

The FEP Program is managed by Dr Emma Rasiel and Ms Clair Raver, in partnership with Duke's Career Center.

Dr Emma Rasiel: Director

Emma Rasiel is the Director of the Financial Education Partnership (FEP), as well as Assistant Professor of the Practice of Economics at Duke University.

As FEP Director, Emma creates and arranges educational competitions and programs for Duke undergraduates, including: case studies, financial market quizzes, corporate valuation seminars, and the trading game. She also spearheads the FEP's minority outreach program, in recognition of which she won Duke's Equity, Diversity and Inclusion award in Spring 2009.

As an Economics professor, Emma teaches several undergraduate finance classes, including Investments, Behavioral Finance, and Global Capital Markets. She has also taught a number of courses for MBAs at the Fuqua School of Business, including Corporate Finance (for which she won the Excellence in Teaching award in two consecutive years) and Venture Capital & Private Equity. Corporate teaching clients have included Goldman Sachs, Lehman Brothers, and Fidelity Investments.

Emma completed her PhD in finance at the Fuqua School of Business, Duke University, in 2003. Prior to embarking on the PhD program, she was an Executive Director at Goldman Sachs in London, where she traded bond options. Emma has an MBA from the Wharton School, University of Pennsylvania, and an MA in Mathematics from Oxford University.

Clair Raver: Program Director

Clair Raver is the Program Director for the Financial Education Partnership (FEP). In this role, she coordinates all of the FEP activities throughout the year, ensuring that each event runs smoothly and that the students are fully prepared and briefed when presenting to visiting panels. She also helps to maintain and manage the relationships with sponsors and various departments within Duke. Clair plays a key role in mentoring and providing career guidance to students who participate in any of the activities within the program.

Prior to coming to Duke, Clair spent 10 years working in the Financial Services Industry in London. From 1998 to 2006 she worked in Equity Sales & Trading at UBS and then Sanford C. Bernstein. More recently she worked in as a Client Services Associate with Asset Management firm AllianceBernstein. Clair graduated in 1996 from Keele University, U.K. with a BA (Hons) in French & European Studies.

Career Center

The FEP gratefully acknowledges the guidance and resources provided by the staff at Duke's Career Center. In particular, we thank Executive Director William Wright-Swadel, and Associate Director David Lapinski for their many significant contributions to the Program.

