

MFE ALUMNI ASSOCIATION Annual Review – November 2009

Introduction to the MFEAA

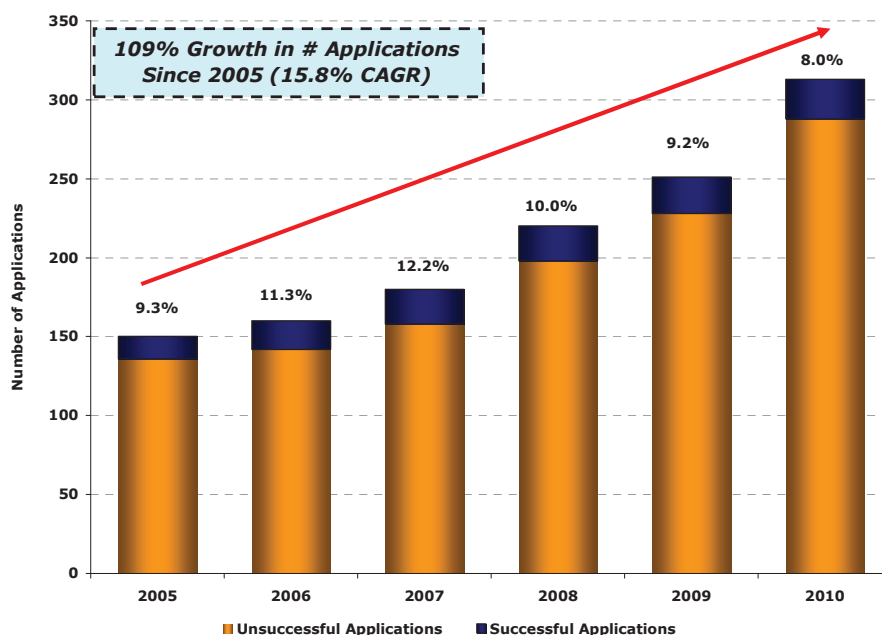
The Master of Financial Economics Alumni Association (the "MFEAA" or the "Association") is pleased to introduce its second Annual MFE Alumni Review (the "Review"). The MFEAA was founded in the summer of 2008 with the intention of maintaining a strong, active network of MFE Alumni and current MFE students (collectively, the "MFEs"). The MFEAA has undertaken to publish the Review with the objective of providing a factual, annual update regarding the professional details of graduates of the MFE program (the "MFE Alumni") and current MFE students, as well as to inform MFE Alumni about any new developments in the MFE program and to list the upcoming MFE events. The Association intends to publish one issue per year.



Competitiveness

The MFE program is the most prestigious Master's-level graduate program in financial economics in Canada. The success and recognition of the MFE program is unparalleled and the application process remains highly competitive; for the most recent incoming class, 313 applications were received, and 25 students were admitted.

MFE Applications (2005-2010) - Success Rate by Class



Leadership

Professor Varouj Aivazian has returned to teaching and research on a full-time basis after a year on partial leave and continues to co-lead the program alongside Professor Angelo Melino. Zel Spillman has been hired by the MFE Program as a consultant providing career resource support to current MFE students. We are also pleased to confirm that Sarah Kim is on for a second year as program administrator.

Interesting Year for the Capital Markets

We would be remiss not to comment on the interesting developments observed within the global capital markets over the past year. The last twelve months have certainly been eventful, and, undoubtedly, MFE Alumni have felt the impact in terms of employment uncertainty, daily stress level, and hours spent in the office. And such effects have not been restricted to the risk managers, though they have likely taken their fair share; money managers saw asset values drop 25%-50%, investment bankers managed clients unwilling to even consider raising equity, let alone make a strategic acquisition, and traders dealt with volatility levels previously unforeseen. A few highlights to reflect on:

- ▲ October 2008 saw unprecedented government intervention with U.S. and U.K. governments taking direct preferred equity investments in major financial institutions, and outright nationalizations occurring in a number of countries throughout Europe.
- ▲ In December 2008, the Bank of Canada lowered its overnight lending rate from 1.50% to 0.75%, citing: "The outlook for the world economy has deteriorated significantly and the global recession will be broader and deeper than previously anticipated."
- ▲ In February 2009, average crude oil price was ~\$US 30 / barrel, down ~75% from its July 2008 peak of over \$US 120 / barrel. Crude has since recovered to ~\$US 75 / barrel.
- ▲ In late April 2008, the U.S. Government forced Chrysler into bankruptcy protection under a plan whereby the UAW would take over the company, buoyed by ~\$US 12 billion of government financial assistance. A month later, General Motors followed suit under a bankruptcy plan effectively granting majority control of the company to the U.S. Government.
- ▲ The S&P 500 Index was ~1,250 in mid-September 2008. By Mid-November it was down to ~800 before climbing to ~925 by year end. The Index then dropped below 700 by early March and has since been on a gradual but steady ascent, maintaining levels above 1,000 since the beginning of August.

MFE Alumni – Professional Development

On September 11, 2009 the MFEAA presented a breakfast seminar to over 25 MFE students titled: "*The Investment Banking Recruitment Process*". The workshop was focused on the skills and strategies required to be successful in the Investment Banking recruitment process. The meeting was very well received thanks to the Alumni that took the time to rehearse and to prepare the slides and discussion topics, and to the enthusiastic MFE students that attended for their attentiveness and thoughtful comments and questions throughout the presentation. The next such event is the Third Annual MFE Alumni Reception described in the *Upcoming Events* section below.

The MFEAA encourages involvement and participation of MFE Alumni in similar types of events geared towards improving the professional competitive advantage of all MFEs. Such events are planned to occur from time to time throughout the academic year. To register your interest in contributing to this series of events, please contact Sarah Kim (skim@chass.utoronto.ca).

Curriculum

The MFE curriculum is unchanged in recent years. Core courses include: Micro / Macro Economic Theory, Econometrics, Financial Economics I, Options & Futures, Corporate Finance, Security Analysis & Portfolio Management. A vast selection of elective courses is offered by the Department of Economics and the Rotman School of Management to round out each student's curriculum. Electives are typically chosen based on the student's specific employment objectives. For example, a student interested in quantitative finance might take Advanced Derivatives, Financial Risk Management and Advanced Econometrics, whereas one that is interested in investment banking might take Mergers & Acquisitions, Financial Economics II, and Industrial Organization.

MFEs in the Public Sector

While the majority of MFEs are employed in traditional finance roles within Canadian banks, investment dealers, and asset management firms, a number of MFEs have pursued other forms of employment in which analytical skills are highly valued. In particular, we note that four MFEs from the most recent graduating class have taken on roles with government entities, with Brendan Campbell (2009) joining the Canadian Competition Bureau, and Emanuella Enejajor (2009), Timothy Grieder (2009), and Elena Nemykina (2009) each starting their careers within various Financial Markets groups at the Bank of Canada. Although the Bank of Canada has hired MFEs in the past, it has not done so recently until this year. The Association is pleased to see the Bank's MFE contingent rise at a time when public policy and economic issues are becoming increasingly interdependent.

Rotman Trading Competition – MFE Winning Team

Matt Davis (2010), who is currently in his final semester of the MFE program, participated in both the 2009 Rotman UBS Trading Competition and the 2009 Rotman BP International Trading Competition. Both competitions involve trading several different asset classes, including fixed income, equities, options and futures. The international competition included electronic and “pit-style” trading. Competing traders are rewarded for maintaining a balanced position and having consistent, positive profits throughout the competition. Matt and his team took first place in the UBS trading competition, ahead of roughly 100 participants. Their win qualified them to participate in the International Trading Competition, which draws teams from the US and Europe, including notable entrants from Harvard, MIT, and several other internationally-renowned quantitative finance programs. On the global stage, Matt’s team placed an impressive 5th overall, while winning several of the individual events.

Upcoming MFE Alumni Events

Thursday, November 19th, 2009 (7:30 – 10:00 pm): *Third Annual MFE Alumni Reception*

University of Toronto Economics Alumnus, Chris J. Witowski, CFA, has worked both as an Analyst and Associate at Morgan Stanley in New York, London, and Toronto. He currently works as a Principal at Silvercreek Management in Toronto. Chris will present: “Riding the Roller Coaster: Reflections on my 10 years on Wall/Bay Street”.

All MFEs, including current students and MFE Alumni, are encouraged to attend. A cocktail reception will follow.

Location: Max Gluskin House, 150 St. George Street

Thursday, December 10th, 2008 (6:00 – 9:00 pm): Holiday and Graduation Party

The most festive MFE event of the year is scheduled to take place on December 10th, 2009. The location is yet to be determined, but is likely to occur in the U of T vicinity. The annual holiday party is a great chance to celebrate another successful year for the MFE Program, and to congratulate the (near-) completion of the program by the outgoing second-year class.

Upcoming MFE Alumni Events - Calendar

November							December						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7			1	2	3	4	5
8	9	10	11	12	13	14	6	7	8	9	10	11	12
15	16	17	18	19	20	21	13	14	15	16	17	18	19
22	23	24	25	26	27	28	20	21	22	23	24	25	26
29							27	28	29	30			