

FIN450: Applied Portfolio Management
22-Oct-2007 Class Summary

Big sub-prime lenders released earnings recently.

Goldman fared well

Wachovia did not do well

JP Morgan beat expectations

Unemployment claims are a leading indicator for the economy.

The market will probably go down if unemployment is worse than expected.

ABCP- asset backed commercial paper

-new way to term CDO's, CMO's, CLO's

Oil and gas

Oil is currently at \$86 per barrel and natural gas is at \$7.50 per mcf

Gas is cheap on an energy equivalent basis

This means that our energy stocks will be affected

6:1 is a normal ratio of oil to gas

The class spoke about a possible recession in China due to the large position we have in the portfolio.

Speaker-Jeremy Glauner

He talked about his experiences after graduation.

He went to the peace core for a little bit of time, and then he came back and started to interview at KU.

Once he got a job, he traveled to China to study wheat. He said that the culture in China was much different than his work environment in the U.S.

Companies really care about what you can do for them. Once they hire you, it is all performance based.

Equity investors have started talking about commodities as an asset class.

The speaker then talked about the commodities assignment.