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## FHU students make investment of a lifetime with \$1M

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Investing \$1 million in play money is easy.

Investing \$1 million in real money is another story, especially when it's someone's retirement fund or a university's endowment money.

▼ ADVERTISEMENT ▼ That's the pressure five Freed-Hardeman University senior finance students felt Monday when they met with business school leaders and outside investment advisers to defend their decisions on how to invest a \$1 million portfolio.

The portfolio was established at Freed-Hardeman in April by former home builder Jim Clayton. The money was not given to the school; rather, it is a tool to teach the real-life pressures of investing actual money. Any profits are divided between Clayton and the university.



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"The hardest part of investing is to eliminate the emotion," said Lee Burklow, a 1996 FHU finance graduate. Burklow now works for Citigroup Smith Barney in Nashville. "For 18- to 19-year-old kids to experience investing real money and the pressure that goes with it is invaluable."

Knowing that real money will be won or lost changed the playing field for 21-year-old Matthew Henry.

"It affected the way I did my research," he said. "It was on my mind a lot, because we need it to do well three to five years from now."

Establishing the fund was the brainchild of Ken Moran, an assistant professor of finance at FHU. He said he originally asked Clayton for \$250,000; Clayton offered the \$1 million.

"Clayton has been a donor to this school in the past," Moran said. "He wanted students to go through the process of screening stocks."

And screen they did.

The five soon-to-be-graduates reduced their stock picks from the nearly 7,000 selections available in the marketplace, said Colton Mulligan, a marketing/finance major from Knoxville. Mulligan was elected by the group to be the fund manager, but each student had to defend his own selections. Eventually the students whittled their selections down to about 20 stocks.

"It has definitely put pressure on us," Mulligan said. "It's made us put on our working man's hat, because no matter how many hours it takes, we had to get this done."

The exercise taught Chad Banks the necessity of being flexible in the investment world.

"One of my stocks was Phelps Dodge, and it went up 35 percent in one day, so that was 10 hours of research I lost," he said.

In November, Freeport-McMoRan, a copper producer, offered to purchase Phelps Dodge for \$25.9 billion, according to [economictimes.com](http://economictimes.com), sending the price skyrocketing.

Win or lose, FHU's first investment team has set the bar for future teams to match.



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"We played a game last year with a fake \$1 million," Henry said, "but from now on it's real. Everything matters."

Visit [jacksonsun.com](http://jacksonsun.com) and share your thoughts.

- Ned Hunter, 425-9641

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