

“No investment has the birthright of a high return or a high-risk yield. Things change. So question, question, question.”

Howard Marks, '69,

Chairman of Oaktree Capital Management, speaking to students at the Hyde Park Center last spring.

“The larger carriers have been unable to push their cost structure down to compete with the low-cost carriers.”

Dan Kasper, JD '70, MBA '71, managing director and head of transportation practice at Law and Economics Consulting Group, on the airline industry. Kasper spoke to students in Hyde Park at an event sponsored by the University of Chicago JD/MBA Association in May.



Callie Lipkin

“This is where all the hope lies and why so many companies are now taking a fresh look at India.”

Ron Somers, president of the U.S.-India Business Council, on the 54 percent of India's 1.2 billion people who are under the age of 25. Somers spoke to students in May at the Investing in India Conference hosted by the South Asia Business Group.



Den Dry

“In pragmatic terms, the prospects for reform in the future are grim. I am not an optimist because from a political perspective, democracy makes it hard to carry out reforms.”

Carlos Hurtado López, AM '81, PhD '86 (economics), undersecretary of budget in Mexico, to students at the second annual Latin American Business Conference last spring.

“I think it's a myth that people strive to make more money . . . Even if you tried very hard, it would be very difficult to spend \$5 million, \$10 million—at least for me.”

Krish Prabhu, CEO and president of Tellabs, to students at the Corporate Management and Strategy Group's annual “Road to CEO” conference in May.

Heard at Chicago GSB highlights prominent speakers at the GSB. Quotes in this issue were reported by Jenn Goddu, Phil Rockrohr, Carmen Marti, and Jennifer Vanasco.

“The compensation of CEOs is not so outrageous if you look at movie stars or basketball stars. You have to put this in perspective.”

Nobel laureate **Robert W. Fogel,** Charles R. Walgreen Distinguished Service Professor of American Institutions, at the panel discussion “Good Business: The Dialogue between the Spirit and the Letter of Business Ethics,” sponsored by the University of Chicago Alumni Association and the Graham School of General Studies, in June.



Den Dry

“People were surprised that poor people could actually use credit

responsibly, manage their savings responsibly, and improve their lives.”

Marilou Uy, director of the financial sector operations and policy department at the World Bank, in her keynote address at the Microfinance Conference at Gleacher Center in May.

Investing in Hedge Funds Means “Betting on People”

As hedge funds continue to gain attention making millions—and billions—of dollars, it seems that everyone either wants to start one or invest in one. The two camps came together June 9 at the Mark Hotel in New York City, where the masterminds of four young hedge funds presented them to a panel of experienced investors in front of an audience of University of Chicago alumni.

“You're ultimately betting on people, so you have to have a view of the strategies from top down.”—**Bill Johnson, '88**

The six panelists took turns playing potential investors, prodding the presenters about the strategy and structure of their funds, which had to be less than three years old with \$250 million or less in assets. The panelists also offered attendees a glimpse into what they look for when assessing a fund, which has more to do with how the people work than with details about the fund.

“You're ultimately betting on people, so you have to have a view of the strategies from top down,” said moderator **Bill Johnson, '88,** a private investor and former president of Paloma Partners. **Michael Jawor, '86,** chief investment officer at Glenwood Capital Investments, added, “I like to see someone who's had an apprenticeship at a quality shop. I also want to see people who were

portfolio managers. I don't really care if they can't show me an audited track record, as long as they managed a portfolio at their previous shop.

“There are two things we don't like to invest in at our shop,” Jawor continued.

“One of them is prop traders coming off of market-making desks at big investment and commercial banks, because in a lot of cases it's the chair that makes the money, not the guy. The second thing that is really hard is guys who haven't shorted before. You start them in a shorting program and even the smartest guy in the world, nine times out of ten, gets chewed up at some point in the beginning.”

The event was organized by the University of Chicago New York Regional Annual Giving Committee and sponsored by PlusFunds Group Inc.—A.R.



Callie Lipkin

Hedge Fund Strategy: In assessing a fund, managers look more closely at people who work with the fund than they do at the fund details, **Bill Johnson, '88,** (above left) and **Michael Jawor, '86,** (above right) said during a panel discussion in New York in June. Managers of four young hedge funds—including (second from right) **Greg Melconian, '96,** and **Philip Summe, '96**—heard feedback from experienced investors at an event for University of Chicago alumni.



Callie Lipkin