

Trio beats S&P at its own game

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Want to make a killing in the market?

Forget those 2-and-20 investment managers. Try calling the team of Tyler Allen, Chris Freda and Pierce Faragasso.

Never heard of them? Just wait.

The three sophomores at Greenwich High School -- yes, sophomores -- are the winners of The Securities Industry & Financial Markets Association's Stock Market Game, pitting teams from Greenwich High and Brunswick School. The competition, which ran from Feb. 22 to April 30, was sponsored by NYPPEX Private Markets, a Greenwich-based market for private-equities placements. The team shared a \$1,000 prize donated by NYPPEX that was presented at a reception Wednesday at the Millbrook Club in Greenwich.

The three students saw a \$14,425 return on their imaginary \$100,000 investment.

"We're really passionate about investing," Freda said, adding that before the competition started he and his teammates had been monitoring the markets. "It feels great. We've been trying to do this for a long time."

The trio said their portfolio included Saks Inc., Apple Inc., Baidu Inc., Home Depot Inc. and Pimco High Income Fund. Their return was 7.32 percent more than the Standard & Poor's 500 -- the only one of three teams to achieve that goal.

"For research, we utilized Tyler Allen's personal subscription to Morningstar and read daily news on companies," they said in their report.

The second-place team of Robert King, Oliver Sall and Eliza Hompe, seniors at Brunswick School, gained some investment strategies from Joel Greenblatt's "The Little Book that Beats the Market," and also invested in Apple, as well as BP Prudhoe Bay Royalty Trust, Prudential Public Ltd. Co. and Visa Inc.

"Our basic philosophy was to pick a strategy and stick with it. We were very surprised about how well the S&P did," King said. The team had total ending equity of \$105,265.

Finishing third was the team of Jordan Muto and Alexa Pujol, two seniors from Brunswick School, with a return of \$3,534.

The goal of the competition was to encourage students to work together as teams, said Laurence Allen, managing member at NYPPEX, noting that all three finalists listed Apple in their portfolios.

It was logical for the students to buy positions in Apple because of their familiarity with the company and its products, according to Mark Strauss, chief economist and chief operating officer of Wilton-based Commonfund, which invests college endowments. He was part of a panel at the reception that included Thomas Michaud, president of KBW; Robert Maroney, managing member of Connecticut Investments;

Tim Scala, global macro strategist at Sophis Investments; and Kathleen Murphy, Greenwich town treasurer.

"When thinking of stock, understand the business. Do the homework. Understand what the company is and what the competition is," Strauss said, noting that students considering a career in investing should learn about the technology surrounding the industry.

Guest speakers at the event included Jay Goodgal, managing member of Castalia Advisors, and Edward Lampert, chairman of Sears Holdings Corp. and chairman and chief executive officer of ESL Investments.

"Programs like this get students to think about business at a very young age," said Greenwich billionaire Lampert, crediting his grandmother for teaching him about investing. "I loved learning about these businesses."

The Greenwich students are among 14,000 fourth- through 12th-graders at 400 schools in Connecticut involved in the SIFMA game.

"The kids love it because they work in teams," said Nancy Kahn, manager, SIFMA Foundation for Investor Education. "Its so critical to real life."

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