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THE SCHOONER

The official newsletter of the Dalhousie Investment Society (DALIS)

Trade of the Month

Arsh Akbar Merchant, Macro Trading Analyst
BComm '24

Position
Pairs trade on the Sri Lankan Debt Crisis. Long CAD 10MM in Sri Lankan Sovereign Dollar bond maturing in July '22. Short CAD 10MM worth of the Sri Lankan Rupee (LKR)

The bond was bought at 67 on the dollar and the LKR spot was shorted at 260 on March 3rd. The bond was sold at 68 on the dollar on the March 22nd but the LKR short remains open with LKR spot sitting at 294 as of March 31st 2022. Open P&L on the LKR short is 1.56MM or 15.5%.

Rationale
Sri Lanka has $6B in dollar denominated debt due this year and their FX reserves are only $2.6B. Their currency is pegged against the dollar and was kept at 200 until this March. Recently their central bank decided to let the LKR drop closer to an equilibrium level where they would have a market to replenish their reserves. the first drop was to 255 and there was no news of dollar buying so we knew we had to get in as we would stand to gain once the central bank began selling LKR. On the other end of the trade, the theory was that if the reserves were replenished, default risk on the bonds would go down making the bonds more valuable. However, the bonds would only be paid off in July and DALIS portfolios don't run through the summer which is when we expected the bonds to bounce back, hence we decided to offload our position in them.

A glimpse of what's inside:

Meet the Analyst

Arsh is in his second year of the Commerce program at Dalhousie and currently serves as an Analyst for DALIS' Macro Trading group.

/arshmerchant

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Alumni Spotlight: Colin Munden

Q: How did your experience in DALIS help you in the professional world?

DALIS helped me build confidence presenting ideas in front of a group and with critical thinking. I was a General Member from my first year in Commerce all the way to fourth year as Vice President. In the first few years I was able to present trade ideas or something as simple as commenting on events in an environment that was supportive, no matter how crazy or wrong my ideas were. I was able to learn from upper-year students and refine my thought process / reasoning skills. This directly translates to the workplace when I need to present and discuss my opinions or brainstorm with peers and senior colleagues. In my last year, running meetings with others certainly helped with the leadership side of things which has benefitted me when I'm tasked with running point on certain workstreams / deliverables at work.

Q: If you could give your 4th year self, one piece of advice, what would it be?

This isn't a motivational piece, I promise, but I would tell myself to stay driven. I was fortunate enough to have a job lined up heading into fourth year and had completely checked out as a result. This answer is probably influenced by hindsight because I changed jobs, but I would tell myself to use any downtime (of which I had a lot) to keep learning and / or building skills. Whether it's something related to your degree that you didn't have the chance to learn in the classroom, or even something hobby related, I think it's very important to keep your mind going. I'm not suggesting you enroll in the CFA program in fourth year (you should still have some fun...) rather don't settle for what you have because your career and / or interests can change quickly, and you will want to be prepared to make that transition as efficient as possible.

Q: How did you find the transition from capital markets to banking?

The transition has been good. This is very cliché but with any new job there is a steep learning curve. I have been able to leverage some skills from prior experience which has helped, but I'm starting from scratch with most of it which I think is exciting. I'd say the biggest difference has been the change in pace. Coming from a sales & trading and debt capital markets background, deliverables are usually quick turnarounds. Whereas now, we have some workstreams that can be as short one day or longer than a month, so being able to manage my time and expectations was a bit challenging.

Q: Why did you choose to work in Communications, Media & Technology at TD?

I had expressed interest in the group when I was making the move and was lucky enough that they were hiring. I think the group is very interesting because you get to work with some of Canada's largest, most prominent companies (i.e. large telecom companies), brand new technology startups, and everything in between. I have focused most of my time covering technology, and with the sector constantly evolving it has been great learning about the different industries and businesses within it. I was not a tech expert going into the role, and I'm still far from it, but I think covering the sector can be very rewarding.

Q: What is one opinion that you hold that most people disagree with?

Andrea Bargnani is a top 10 all-time Toronto Raptor.

Weaning away from the Petrodollar

Shashank Mukundan, Macro Trading PM

The US has been running massive current account deficits for some time now, mostly financing them through the issuance of treasuries. Foreign governments are the largest buyers of US treasuries with China and Japan owning about $1T and $1.2T respectively. The US has been able to do this due to the US dollar’s status as the world’s reserve currency. The Petrodollar is a huge part of this exchange.

In brief, the petrodollar was created in the 1970s when President Nixon struck a deal with Saudi Arabia and other OPEC countries in which they would accept payment for oil sales in US dollars and peg their currency to the dollar while the US would offer them military protection, which at the time was huge. The US dollar is currently used to settle majority of global oil sales and its wide acceptance allows exporters to reinvest the proceeds in treasuries.

Talks about diversifying away from the petrodollar within oil exporting and importing countries were in the backburner for a few years until the recent wave of economic sanctions imposed by the US on Russia. Diversifying away from the petrodollar helps reduce the risk of being sanctioned and economically isolated like Iran or North Korea (and now Russia). About 60% percent of global FX reserves are in US dollars. Saudi Arabia's recent endorsement of the petroyuan and Russia demanding payment for its oil in rubles has caused many countries to rethink whether they should still pay for oil using dollars, but this still looks like a longshot at the moment.

Reason for petrodollar dominance: Let's take the rupee-ruble trade for example; in the wake of Russian sanctions, Indian authorities are considering paying for Russian oil in rubles. India imports 86% of its oil of which only 2% is Russian. The two countries had bilateral trade of around \$8.1B in 2021 of which \$2.6B were Indian exports while imports from Russia were \$5.5B. Since everybody buys and sells oil in dollars, the current agreement calls for no change (obviously the sanctions are an issue but that is besides the point). The problem with India paying for Russian oil in rubles is that Russia would end up with a bunch of useless rupees because India only exports so much to Russia so they would have to ramp up their production for the Russians to put the rupees to good use. The irony here is that the US has the biggest current account deficit in the world but dollar demand stays high because everyone else is using it as a common currency.

Now, we don't know if the petroyuan is going to take over but a move away from the petrodollar would certainly weaken the dollar as countries would look to shed their dollar reserves to shore up whatever other currency, or a basket of currencies that future trade would be predicated upon. The weakening of the dollar would cause a rise in treasury yields and affect the US's ability to run persistent deficits like they have been doing so far. If the US does not ramp up its efforts to produce domestically and remains import driven, expect inflation to be much worse than it already is.

Canada — "Clown Country" or "Team Player"

Abby Desveaux, North American Equities PM

As we all know, oil prices are on the rise. And with all this noise in energy markets, I've been wondering what this will mean for the Canadian economy?

In Canada, energy makes up nearly 10% of GDP, more than a fifth of Canada's total exports, and 15% of the benchmark stock exchange, the S&P/TSX Composite Index. So, it's clear that rising oil prices will affect our economy. But how much so? And for the better or worse?

Alberta's Budget Surplus

One thing is for certain, income for the oil sector will jump, and that will help boost government revenue. Alberta, home to Canada's oil sands, has announced a major turnaround in their government's budget amid rising prices. The province estimates for the 2021-22 fiscal year (ending March 31st) have increased from a deficit of \$18.2 billion to \$3.2 billion. And if that's not impressive enough, they expect to record a surplus of C\$511 million in fiscal year 2022-23. The first budget surplus in eight years!

Capital Spending in the Energy Sector

With export capacity out of their hands, oil producers have had little supply response to rising prices. Instead of increasing investment, Canadian Energy companies have been focused on paying down debt and improving their balance sheets. Highlighting this trend are capital spending figures in the energy sector, which currently account for 0.3 per cent of GDP, less than a third of what it was in 2014.

On March 24th, Canada's Natural Resource Minister, announced that Canadian energy producers will be able to boost crude oil exports by around 5 per cent –

300,000 barrels (bpd) per day this year to help ease tight oil markets.

To contextualize these numbers, the International Energy Agency (IEA) announced that oil markets could lose three million barrels per day (bpd) of Russian crude and refined products by April. With that in mind, Canada's efforts look pathetic; and I'm not the only one who thinks so.

Alberta's Energy Minister, Sonya Savage, said Canada could "do a lot better". She noted that current capacity could support a short-term increase of up to 400,000 bpd but further investments in Canadian energy infrastructure, including pipelines and export facilities, could see exports grow by one to 1.5 million barrels per day in the long term. If true, Canada could be a significant help in the transition away from Russian oil.

Canadian Economic Growth and the CAD-Crude Link

Canadian economic growth surprised on the upside in the final quarter of last year, growing by 6.7% annualized and providing a strong hand-off into 2022. However, the commodity price shock is now set to slow some of that momentum. While higher prices for producers (both energy and food) will offset some of the losses, the upward pressure on prices will eat into purchasing power and slow consumer spending in the first half of this year.

In statistics, we say that there is generally a strong correlation between two variables if the absolute value of r is greater than 0.75. Historically, the Canadian dollar and crude have been strongly correlated – 0.88. During times of aggressive price movements, such as the 2008 financial crisis and the 2015 oil slump, the pair moved in tandem. The rise in the C$ helped to cushion the economy against the rise of prices by reducing the costs of imports, thereby driving down inflation. However, in late 2018, the relationship weakened to 0.75, just barely hanging on to its title of strong correlation. Since last year, we've seen further declines, to a level at which the relationship has "essentially disappeared" according to chief economist at CIBC Capital Markets. .

How did this work? Why did they move in tandem?

In general, the Canadian dollar has benefited from higher oil prices in two ways:

1. Boosting Canada's trade and current account balances.
2. Increasing business investment by Canadian energy companies.

If we consider how these factors have reacted to our current oil price shock, it proves why we have seen such a disciplined Canadian dollar.

As I previously mentioned, Canadian energy companies have had little supply response to the rising prices, which means that the trade and current account balances have not had the boost they have in the past. The second variable, business investment by oil companies, is also lagging. Like I said, oil companies are focused on paying down debt and improving their balance sheets, rather than investing in new projects. This trend is largely a result of increasing environmental, social, and governance pressures and the push for clean and renewable energy.

Another thing to consider is that higher oil prices are reflecting geopolitical uncertainty, rather than strong global demand. While this could be affecting why we have not seen why we have not seen a knee-jerk reaction in the C$, I personally believe it is only a small contributor.

What does this mean for Canada?

So, what does all of this mean for Canada? I think it depends on how you look at it. Some people may argue that the weaker correlation between the Canadian dollar and the price of crude is a good thing, as it demonstrates we are on the path to reducing our dependence on fossil fuels and building a more resilient economy, as well as helping the world fight climate change. On the other hand, you have people who mock the fact that we are sitting on the third most reserves in the world (as of 2014), and aren't capitalizing on this opportunity, and in fact straying further and further away from what we do best. I can see both sides. For that reason, I'd welcome any feedback you may have! I can be reached at Abby.Desveaux@dal.ca. Thanks for reading.

Why the Broken U.S Bidding System is Costing you Money

Noah Hitzig, Macro Trading PM

Over the last number of years, we have witnessed the birth of a new space race. However, in today's day and age it is not two nuclear powers using space to project their power, but billionaires and Silicon Valley like start-ups fighting for the billions and soon to be trillions of dollars up for grabs. This fierce new competition seems great on the surface but irresponsible government spending is slowing innovation, hurting the taxpayer and costing you money.

Currently, the largest space launch customer is the United States government. How they select their trips to space is wasting billions in taxpayers' money and slowing innovation in the space industry. The U.S. initiates a bidding process each time they need to put something into space, where commercial launch companies compete with each other for the launch contract. This process is supposed to determine the best option based on price, launch availability and reliability. However, politicians use their sway to persuade contracts to be awarded to more expensive providers just as a way to keep jobs in their districts. For example, recently the pentagon decided to award 60% of their launch contracts, for the next five years to the United Launch Alliance (ULA). ULA is a joint venture between Lockheed Martin and Boeing to provide launch services to the government and commercial customers. ULA's bid was reported to be at least double the price of SpaceX, who was awarded the other 40% of the launch contracts. The United States' competitive bidding process should be used to subsidize jobs at companies who make no effort to innovate and compete in a competitive market.

The broken competitive bidding process in the United States is not just hurting the U.S taxpayer. Their decision to continue to fund companies that do not make a competitive product nor have immediate plans do develop one, hurts anyone who listens to Sirius XM, has satellite TV or uses other space based services through extra costs being passed down to the customer. This is as the U.S government is rejecting competitive and less expensive bids from companies who reinvest their revenue to continue to reduce launch costs and increase competition in the industry. Instead, the money goes to companies who have no incentive to innovate as they know they will continue to win contracts regardless.

This is not to say that space access is not getting cheaper or that this stagnation form companies such as ULA will last forever. There are a number of both public and private companies currently innovating and reducing launch costs such as Blue Origins, Jeff Bezos's space company which is expected to fly its first orbital rocket in 2023 and it will have a reusable first stage much like SpaceX's Falcon 9 and Falcon Heavy rockets. There is also New Zealand based and publicly traded Rocket Lab who currently flies a small satellite launch vehicle which is expected to implement a reusable first stage later this year, with plans for an even more reusable medium launch vehicle in the works. And finally, you can't forget SpaceX who are currently developing what is widely considered to be the holy grail of space launch vehicles, a fully reusable rocket which if successful would bring the cost to reach space down to astonishing low levels. However, this innovation is happening at a slower speed then would be possible with real competitive bidding. As the commercial space launch sector continues to mature, I believe that companies such as ULA will begin to have no choice but to innovate as launch costs continue to decline. At a certain point it will become inexcusable to choose the older, more expensive, and less capable option. But in the interim it is best to use our capital to support the companies that don't benefit from what has become a subsidized job program.

A Frontier for Arbitrage – India's Agricultural Opportunity

Ezra Laskar, Commodities Analyst

Growing up, my travel bucket list always had India at the very top. India is one of the most incredible countries on Earth. Among backpackers in particular, it has a mystical allure drawn from stories of diverse landscapes, colourful festivals, and of course, its spicy cuisine. When I traveled there in spring 2019, my motivation was to experience what India had to offer firsthand. My route took me from Delhi to Agra, and from Agra, north through the Indian Himalayas. This proved to be an astounding path and I was able to experience most of what had always drawn me there. As a young business-minded person, what unexpectedly captured my attention was the unprecedented speed behind India's development - it was noticeable from the moment I arrived. For $12 USD, I purchased a SIM card in Indira Gandhi International Airport at Delhi. The cell-service was unmatched by anything I had experienced in Vietnam or Thailand (or Northern Ontario for that matter) , working flawlessly even in Khir Ganga, the nomadic village in Himachal Pradesh situated 9,700 feet (about 2.96 km) above sea level, a mythical site that is accessible only by foot. Fast-forward to last week when Jeff Currie gave an interview on Squawk Box discussing the tightening of global wheat markets. He identified the war between Ukraine and Russia as both a source of impediment to 25% of global wheat supply and the most visible bull thesis for Indian agriculture. This is

the key focus of my article. Although India is the second-largest wheat producer in the world, it accounts for less than 1% of global wheat exports. Consequently, as Currie revealed, the war in Ukraine and the subsequent disruption of markets in Russia provides an opportunity for India to fill the gap. It is noteworthy that the war in Europe notwithstanding, India's exports of the grain have been steadily rising since last year, growing 279% year-over-year between January 2021 and January 2022, representing growth from $80M to $304M, respectively. From the trader's perspective, there is a unique opportunity to capitalize on these exports since India guarantees producers about $257 a tonne for domestic sales, while benchmark European wheat jumped above 400 euros ($435 UDS) in early March, and benchmark wheat prices in Chicago settled at their highest in 14 years. Many will recall that one of the consequences of price hikes in soft commodities was the Arab Spring. Evoking Churchill's famous adage that encompasses commodities trading: "Never let a good crisis go to waste." And so, with this in mind, keen investors who are seeking alpha should be mindful of the arbitrage opportunities provided by Indian-grown wheat, as the tightening of agricultural markets in Europe quickens.

Russia's Newest Enemy, Perri Passu

Sarah Houston, General Member

There is no doubt that a Russian default is inevitable. Investors are no longer concerned with 'if' this default will occur but rather with 'when' (now speculated for April 4th with a $2.2 billion coming due). There is also a lot of speculation surrounding what will follow this default and how Russia will be able to restructure its debt- especially for holders of Russia's soon-to-be defaulted bonds.

Russian bonds themselves are structured like Eurobonds, issued in foreign currencies. However, after the Crimea crisis in 2014, Russia revised its bond contracts to contain an alternative payment currency in case of future sanctions. The clause outlines about 7 pages worth of terrible sanction worthy actions or "reasons beyond Russia's control" (like a "special military operation" in Ukraine) that would permit Russia to convert its bond payments to Rubles.

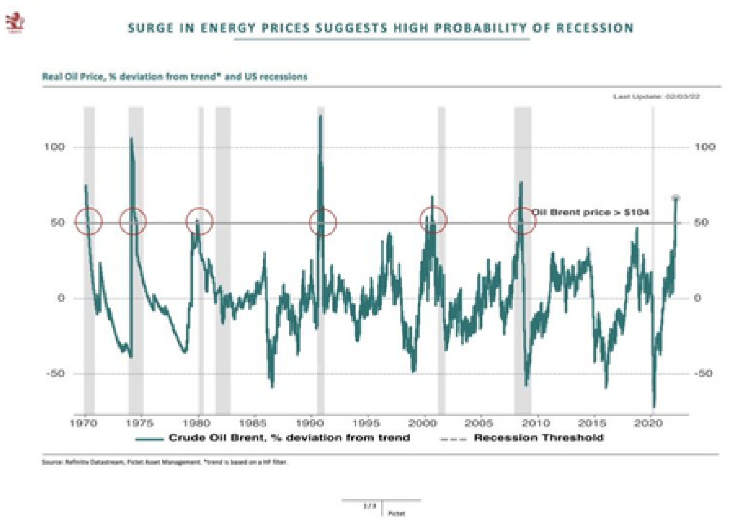
Despite the addition of the alternative currency payment clause, Russia failed to remove the Perri-Passu clause from its bond contracts. Perri-Passu translates to 'on equal footing' in Latin and acts as a contractual clause found in variety of debt instruments that ranks creditors equal to one another. The significance of this clause pertains to its ability to prohibit a bond issuer from making payments to bond holders of its newly restructured debt without making an equal payment to bondholders of its defaulted debt. This clause was infamously utilized by the American hedge fund Elliot Management in both Peru and Argentina. In both nations, Elliot filed lawsuits that attempted to prevent interest payments to new bonds without making equal payment to themselves (owners of defaulted debt). These lawsuits eventually resulted in enormous settlements ($60 million and $2.4 billion, respectively), as it was not feasible for the nations to make payments to both their newly restructured bonds and the defaulted bonds.

There is potential that the Perri-Passu clause could once again result in large settlements for the holders of these soon-to-be defaulted Russian bonds However, the political environment surrounding Russia's default could limit investors' ability to capitalize from this clause -especially since Russia is much less concerned with pleasing western nations.

The Dual Mandate and the FED's "Soft Landing"

Ben Milley & Alexander Philips

As graduate students in economics it seems the only thing we keep hearing about is what to do about inflation and getting questions from friends about when interest rates will rise and how long until prices fall back to "normal". To everyone's disappointment, there are no straight answers to these questions except that it depends; as this is one of the few times when inflation is largely a cost-push inflation (supply side), and increasing interest rates is likely to do little in short and medium term to slow this type of inflation. Oil prices are already up 78% YoY. With the current geopolitical situation in Ukraine in mind, sanctions on Russia effectively reduced world supply of wheat and pushed wheat prices by roughly 33% this year. Inflation in the United States reached a high of 8%, a level of inflation not seen since the 1980s. Unlike Bank of Canada whose mandate is to maintain stable price levels, the U.S. Federal Reserve (FED) maintains a dual mandate framework that pursues (1) maximum employment and (2) stable price levels. Relevant to our discussion here is the FED's newly modified dual mandate announced in November 2020 which adopts "flexible average inflation targeting" over the long run as long as inflation expectations remain anchored at 2%. This average inflation targeting is instrumental to the FED's "Soft Landing" goal for the U.S. economy as it allows the FED to practically keep inflation higher for longer periods. Consequently, it seems as though the FED will increase rates slowly over a longer period to allow for maximum employment dynamics and to softly transition the U.S. economy from the recent recessionary period. While this is good for the U.S. labour market, keeping inflation higher for longer will likely push inflation expectations above 2%. The public perfectly understands that the FED has no control over supply side shocks such as oil and wheat prices, which contribute to inflation. By adopting higher inflation expectations due to persistent supply side shocks, workers will likely ask for higher wages. This upward pressure on wages will push firms to raise their own prices in order to maintain profit margins which as a result further contributes to higher price levels. Bank of England governor Andrew Bailey voiced similar concern by urging workers not to demand higher wages in order to prevent rising price levels from being "ingrained" into the economy. The FED's other alternative to the "Soft Landing" framework is to adopt a more aggressive rate hiking plan which is more likely to bring back inflation to the 2% target but at the cost of plunging the U.S. economy into a deep recession. In any case, we cannot ignore the elephant in the room contributing to this higher inflation expectation dynamic which is rising oil prices. It is crucial to remember that historically, doubling of oil prices YOY strongly predicts a recession within the next 24 months.



Theory dictates that as inflation and interest rates rise bond prices will fall. However, in today's climate it is not so simple given the mandate change to average inflation targeting with priority being also placed on maximum employment. Consequently, any weakening of the labour market is likely to cause the FED to cut rates and switch back to quantitative easing. In the short term we expect bond prices to fall with interest rates hikes scheduled throughout 2022 and into 2023. This dynamic has already started following this year's interest rate hikes. However as a trader, beware of how the FED impacts long-term bond yields. Following further interest rate hike announcements from the FED, major headlines started circulating last week about what appears to be an inverting yield curve. After one day of trading, this seemingly inverting yield dynamic disappeared (and with it the sensational articles predicting an imminent recession). The FED only targets short-term interest rates and relies on the fact that holding long-term bonds should give investors the same returns as rolling over a short-term bond over the same period. Secondly, long-term interest rates reflect investors' expectations for short-term interest plus a risk-premium. This explains why short-term rates rose first, contributing to this seemingly inverting yield curve. All it took was more market trading time for long-term interest rate expectations to adjust to short-term interest rates. Monetary policy mechanics aside, if we do face a recession due to persistently high oil prices, supply chain disruptions or quantitative tightening from the FED, interest rates will be cut again especially if higher rates are not effective at reducing inflation or if labour market deviates from maximum employment. This risk is likely due in medium term. In this case, speculators should long the bond market in long-term horizon. Interest rate derivatives such as swaps and futures can be employed based on assuming lower interest-rates in the medium term. All in all, our analysis points current market speculators to a simple-to-follow strategy: to short bonds in short-term horizon and to eventually long the bond market in long-term horizon.

Alternative Assets and their Effect on the Modern Portfolio Construction

Chris Lauer, Macro Trading Analyst

Traditional balanced portfolios tend to have a near-even mix of stocks (equities) and bonds (fixed income). Given the complexity in today's markets, such as geopolitical tensions, rising inflation, and historically low interest rates; the assertion that the traditional balanced portfolio has reached its expiration date is more convincing than ever. The goal of this article is to explain why that may be and provide investors with an idea of how alternative assets have affected this concept.

When we think about the best investors in the world, a few names may come to mind like Warren Buffet, Benjamin Graham, perhaps even Ray Dalio. However, retail investors don't typically consider institutional investors, which in my opinion, is a missed opportunity. When we say "institutional investors" we mean Ontario Teacher's Pension Plan, Yale Endowment Fund, et cetera. One thing that separates institutional investment managers is their allocation to non-traditional or alternative asset classes. Institutional investors, on average, allocated ~25% of their portfolio to alternative investments. In contrast, retail investment managers (e.g., Advisors) in Canada did not include alternative investments in their portfolios, but that has changed over the past couple of years. In fact, in 2019 we saw new regulation (amendments to NI 81-102) come into effect which provided widespread access of alternative investments to Canadian retail investors. These amendments essentially made what was once only available to accredited investors (i.e., pension funds, large money managers) now available to the everyday Joe by lowering the barrier to entry. This has proven to be a game changer for Advisors who are now allocating anywhere between ~5% and ~20% of retail client portfolios to alternative investments. In addition, alternative investments have an increasing marginal effect on a portfolio's risk-adjusted return (in essence, maximizing performance while minimizing risk). Alternatives generally have two purposes: return enhancement and diversification. These strategies tend to fall within three broad categories with seven sub-asset classes, they are: Alternative Fixed Income (e.g., private debt and hedged fixed income), Alternative Equities (e.g., private equity and hedged equity), Alternative Real Assets (e.g., commodities, infrastructure, and real estate). Most people are familiar with gold as a commodity which is perhaps the first alternative investment incorporated as part of traditional portfolios. In fact, given today's negative real yields and global supply chain issues, gold is an alternative that may still have a place in tomorrow's modern portfolio, along with many of the other alternative assets described above.

Today, investors are faced with difficult markets to navigate. The traditional balanced portfolio of stocks and bonds is arguably expired. In recent years, retail investors are able to access an increasing number of strategies that can enable them to have exposure to multiple asset classes in their portfolios, each with varying correlation to traditional stock and bond markets, which theoretically provides for less volatility (i.e., a smoother ride) and enhanced risk-adjusted returns... Given the complexity of the alternative asset class space, retail investors should consider the expertise of an investment professional before implementing alternative strategies into their portfolios. However, those who do take the time to educate themselves on modern portfolio construction may very well benefit in the years to come.

Rick's Rant: And So We Come to the End and Thus the Start ...

Rick Nason, PHD, CFA

The end of a semester should be a time of reflection, but it is usually just a mish-mash of implementing survival tactics. I have the sense the students are certainly in survival mode.

In the chaos of exams, make-up assignments, term projects and blocking out meeting those who have the premo post grad job bagged (and thus increasing our stress levels), it is actually worth-while to take a moment to hit pause, stick our heads up from the pack, and look back at all that has been accomplished.

Remember that kid with a pack of insecurities, but an extremely positive attitude for reinventing themselves that showed at the first-year orientation session? You were keen to prove yourself, find yourself, and be a part of a new world order of your own creating. That probably did not work out exactly as planned. However, a lot did happen. (Yup – I am talking to you alumni – the current students are too busy trying to complete their John M Case analysis to read this!)

You learned to nail that PowerPoint template that you made your own. You learned that you can survive feeling totally lost in class (you may remain totally lost, but you at least learned that you can survive, which is not exactly nothing.) You learned that the one night to not stay out late partying is the night before next semester's class registration starts; only 8:35 am classes are available for those who sleep in on registration day and it can be a serious blow to the GPA to be in a class full of keeners who make you look like the total slacker that you desire to be at 8:30 am. Speaking of GPA, you learned that guitar and various IDS classes are the perfect tonic for a GPA falling faster than the Russian Ruble. You are most definitely not the same person who attended orientation!

For those in DALIS, the past year has also led to a lot of development. You likely have read more news for DALIS than you collectively did before in your life. You learned to participate in a group and contribute your ideas because you wanted to rather because you were forced to. Some of you as group leaders learned the pros and cons of being a leader and in the process developed your own leadership style. You learned that big bald people in desperate need of a haircut can actually be approached without harm. You learned to not only formulate your own investment theses but also to defend them and to sell them. You learned from your peers and in turn learned to become a mentor yourself. You learned there is more to finance than "invest and giggle".

Ultimately looking back, I hope you learned that purpose is not the learning, but the joy of learning, and the further joy of implementing that learning. In my opinion that is the secret sauce of DALIS. It is not a class. It is not graded. It is not recorded. But yet, it is not worthless. In fact, it might just be one of the more significant parts of the change that is you as you progressed through university. But guess what, the journey is not ending, it is just starting again. Time to put your ideas to the test in the real world.

As a final note, I would like to sincerely thank the leaders and all of the participants in DALIS for allowing me to tag along for another year. It has been a weird two years, but the one constant has been DALIS. The resilience of the group has been awesome, and one of the few groups (official or unofficial) on campus that did not miss a beat, despite that pesky virus. I am so grateful that I have been able to participate and watch the development.

Book Review: The Predators' Ball

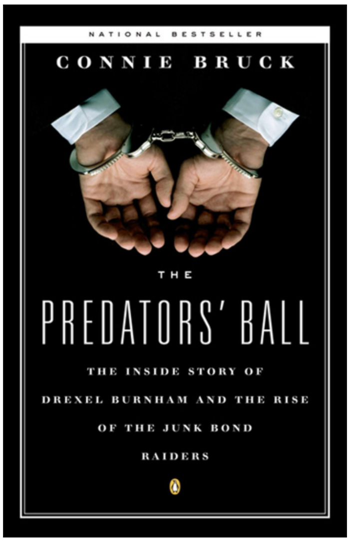
Quinton Luck, Executive

The Predators' Ball details the days of the investment bank Drexel Burnham and, more notably, Mike Milken. Milken, potentially through his apparent ability to not require sleep, was able to lead Drexel to incredible success (at its peak, it was the fifth-largest investment bank in the US) by dominating the junk bond market and helping facilitate many of the biggest corporate takeovers of the 1980's. These were not just any corporate takeovers, though, the section titled 'Pawns Captured Kings' details how Milken was able to allow relatively small companies to take over industry giants. As can be expected, some of these takeovers were a resounding success, while others made it quickly apparent that they were in over their heads.

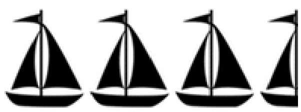
A success story is always fun to read, but unfortunately the tale of Drexel Burnham is not one of those (at least not entirely). For a myriad of reasons, the SEC and a fella named Rudy Guiliani were able to send Milken to prison and essentially force Drexel into bankruptcy. Perhaps you are wondering the specifics of how this happened, but for that you'll have to dive into the book to find out.

Personally, I greatly appreciated what this book was trying to do, but I will wholly admit that I did not know nearly enough about the financial landscape of the 1980's to comprehend everything that was happening. For me, the substantial number of names and companies that were introduced in the book left me scrambling trying to figure out who was who, and what relation they had to Milken and Drexel. I also think that this book sometimes went a bit far into the specifics, which unfortunately comes at the detriment of keeping the average reader hooked. This being said, for those who are more familiar with the subject matter going into the book, I can easily understand how this is a good read.

Overall, I will be diving into The Predators' Ball again in a few years time once I get a bit more familiar with the names and companies mentioned and I expect the second time around I will get a bit more from this book.



For these reasons, **I would give The Predators' Ball 3.5/5 DALIS Boats**



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