

Quarterly Magazine of Nyenroodiaanse Handelsvereniging  
De Zilveren Ridder

# DEN SILVERVLOOT



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## DE ZILVEREN RIJDER

Vol. 2, Year 13



The XIII<sup>th</sup> Board of *De Zilveren Rijder*

C O L O F O N

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# POSITIVE REVIVAL

Dear wealthy reader,

It is safe to say that last five months have been a roller-coaster ride. Not only in the MSC. Program, but also on the world trading floor. Many losses have been consolidated and some positive sounds come from the market once again.

These positive sounds also reach De Zilveren Rijder. The effects can be noticed in all the upcoming activities we will organize. Even the look and feel of Den Silvervloot has undergone a small refurbishment to get with the modern times. For now, enjoy reading this issue.



Roy Poeze  
Commissioner Fiduciair XIII<sup>th</sup> Board

*Ter Zake!*



## CHAIRMAN'S WORD

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Wealthy member,

As you all know time flies at Nyenrode and already the second edition of 'Den Silvervloot' 2009 lies in front of you. During the first half year we managed to create a great return on our investment portfolio. Especially last period the value of the Rijder increased tremendously, mainly due to some wise transactions and a short term rally in stock markets. Our activities demonstrate the same positive trend; in the coming period there will be diverse interesting events organized.

The Euronext stock exchange visit with about 50 fellow students was an exciting kick-off event. For the upcoming months we will organize a variety of fascinating activities ranging from a trading game with ABN AMRO and Alloptions to inhouse days from BDO corporate finance and Kempen & Co. Last but not least, I am very proud to announce that on the 2th of October the Nyenrode Finance Day will be organized for the first time in the history of Nyenrode. This historical event will be combined with the XIII Dies Natalis of de Zilveren Rijder for which former board members will receive a personal invitation.

Together with our club of fund managers we have made quite some changes in our Rijders portfolio during the last couple of months. Primarily because we believe that the AEX has reached its bottom and is ready to show us some great results on long term. Firstly, we sold some of our "defensive" funds which performed relatively well during the stock market collapse. In return we invested in some companies which demonstrated a huge drop in value during the economic downturn, but still have a healthy structure. As a result these funds have a relatively large upward potential. Furthermore, a better distribution over the various sectors was developed, which is in line with our aim for a risk neutral portfolio.

For the next half year we expect some volatility in the stock markets to remain. On the long term equity markets are more likely to demonstrate a strong increase as a signal for global recovery of the economy. However, attention will be paid to the current rise in oil price because this may strangle recovery. The inflationary effect of higher energy prices could impact the monetary measures taken by western governments to get their economies out of recession.

Additionally, in about a week the students of MSc 18 will arrive on campus and we are looking forward to spot the potential Warren Buffet's who deserve the honor to form the XIV board of de Zilveren Rijder.

To end with, I would like to thank all the people who contributed to this edition of 'Den Silvervloot' and like to encourage you to join our exciting activities in the upcoming months.



*TER ZAKE!*

Jasper van Loon,  
Chairman XIII<sup>th</sup> Board

## FUND UPDATE

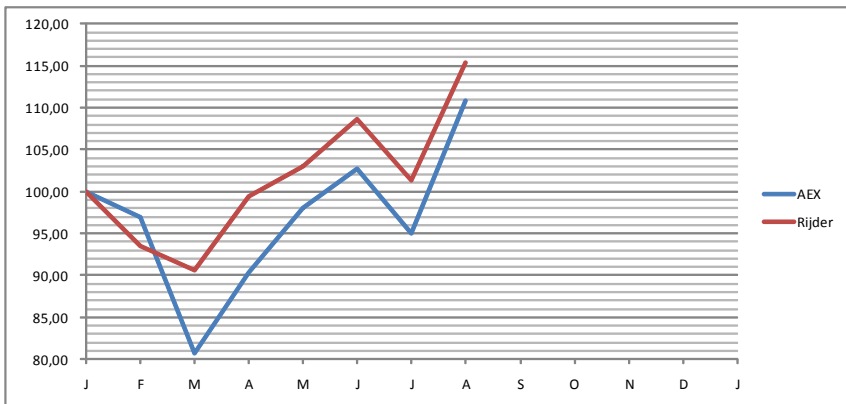
The first half year of 2009 has passed. It has been a turbulent first half year for our board. The stock exchange was very volatile in the beginning. In our previous fund update our portfolio was not performing that well. We were waiting for the market to recover from the big downturn it was in. After the last update the stock exchange turned around. Due to good new investment we profited a lot from this turn around.

I made a graph of the development of the Rijder against the development of the AEX. I choose the AEX because this is one of our benchmarks we use to see how we are performing. As you can see in the graph, which you can find below, we are outperforming the AEX from the start already. The value of the Rijder is €6,51 at this moment, which is an increase of approximately 8% from the moment we started. At this moment we are at a turning point. Is the AEX falling back or is it stabilizing temporarily before it starts increasing again?

We think the AEX is not going to fall back. In our opinion the market is stabilizing for this moment, but after the holidays the AEX will find its way up again. We, as the Zilveren Rijder board, are still trying to look for opportunities in the market. There are a lot of stocks which are undervalued, but we are very cautious in our analysis. Up until now our portfolio is doing very well. Hopefully this will last for the rest of year.

Talk to you in a few months!

AEX vs Rijder



Oscar Maaswinkel  
Treasurer XIII<sup>th</sup> Board

Ter Zake!

## FUND STRATEGY

On the stockmarket there is still adequate turmoil felt by shareholders these days. On the other hand, analyst can carefully see some light at the end of the tunnel. The corporate losses, economic demand and housing prices are declining less steep and the half year results of companies were better than expected.

At the moment of writing the AEX is situating now at approximately 271.19 and is already increasing for eight days in a row. Looking at the longer horizon the AEX is moving horizontally, but on average it is still in a downtrend. Our investing strategy is holding strong. We reduced our stake in two very stable funds (Ahold and KPN) that were very useful in bad times, but we have the opinion that these will rise less quickly when the economy will recover.

Therefore we bought other quality stocks that have been hit hard but have a better upwards potential. Due to the sound advice of the Fund Managers, we increased our share in Tomtom, Randstad and ArcelorMital and bought in addition Fugro, Nutreco and Aalberts Industries. Regarding to our solid cash position we will continue to step into the stockmarket gradually and continue our journey to outperform the AEX!



## WHAT IS TO COME

The investment world today has more in common with the nineteenth century than with the twentieth. Whereas the last century was marked by nationalism and socialism, the nineteenth century was characterized by the rise of globalization and capitalization.

De Zilveren Rijder elaborates on these changes and developments by organizing many existing activities related to the stock exchange market. Our drive is giving all students at Universiteit Nyenrode a chance to have a first experience with the dynamic investment world.

After our successful visit to the stock exchange in Amsterdam and the organized master class by one of the leading independent global option traders Optiver, we are proud to announce some other exciting activities for you in the coming months.

First of all, BDO Corporate Finance invited Nyenrode for an in-house day on the 20th of August to gain experience through presentations, a guided tour and drink with various employees. Moreover, another leading option trading and market making company, All Options, will present their investment practices through their in-house day at the start of November. Besides company visits, the world of trading will be challenged on September the 3rd through the organized trading game by ABN AMRO.

To finish with, on Friday the 2nd of October the Nyenrode Finance day will be organized with the theme "Future of Finance". During this day various exciting and exceptional speakers will share their vision on the developments in the financial world for the coming 5- 10 years! So feel the adrenaline and get a hands-on experience with the dynamic world of investments by joining our events!



Patty Koot  
Commissioner Events XIII<sup>th</sup> Board

*Ter Zake!*

## THE RIGHT TRACK

### C O L U M N



Jan Morsch  
MSc. MA

In an interesting article in the Financial Times Edmund Phelps, 2006 Nobel Laureate in Economics, explains that the two great crises of capitalism - the crisis of the 1930s and today's crisis — share a number of features, including the fact that both reflect grave crises of knowledge, education and, consequently, confidence. In the 1930s, capitalism was abandoned by many countries in favor of the alternatives of state command of the economies, provided in both the fascist and communist ideologies. The big difference today is that both these ideologies have been permanently discredited; hence there is no major rival to capitalism. But the absence of alternatives per se does not herald the flourishing of capitalism. Capitalism works very well; except, that is, when it is abused by the very people who should be its guardians.

Part of the problem is that some business leaders cheat, abuse trust and destroy confidence in capitalism.

Another part of the problem is that even honest business leaders are too often aloof and arrogant. Over the past two decades, about one-third of graduates from top business schools took jobs in the financial sector. But banking will never be what it once was, and consulting - the other major consumer of MBAs - is reeling, too. Many find it suspicious that the sector that showed the greatest appetite for MBAs is the one that is most grotesquely mismanaged.

As Phelps points out, “regaining a well functioning capitalism” will require education. However, the educational system itself is also regarded as flawed. In fact, the economic crisis has exposed long-standing flaws in the very idea of business education. Over 60 percent of the readers of Business Week blame the global economic meltdown on the business schools producing the MBA's responsible for today's crisis.

According to the Harvard Business Review, business schools are on the wrong track. For many years, MBA programs enjoyed rising respectability in academia and growing prestige in the business world. Their admissions were ever more selective, the pay packages of graduates ever more dazzling. Today, however, MBA programs face intense criticism for failing to impart useful skills, failing to prepare leaders,

and failing to instill norms of ethical behavior. One of the most basic requirements for effective leadership is trust. In the case of business, this element of trust has been egregiously lacking in the course of the last several decades and, not surprisingly, no more so than now. A recent poll by the Financial Times revealed that in the West 75% of people believe that managers are unethical and overpaid. These criticisms come not just from students, employers, and the media but also from deans of some of the most prestigious business schools, including Dipak Jain at top-ranked Kellogg School of Management. One outspoken critic, McGill University professor Henry Mintzberg, says that the main culprit is a less-than-relevant MBA curriculum. If the number of reform efforts under way is any indication, many deans seem to agree with this charge. But genuine reform of the MBA curriculum remains elusive, as the curriculum is the effect, not the cause, of what ails the modern business school.

The actual cause of today's crisis in management education is far broader in scope and can be traced to a dramatic shift in the culture of business schools. During the past several decades, many leading business schools have quietly adopted an inappropriate and ultimately self-defeating-model of academic excellence. Instead of measuring themselves in terms of the competence of their graduates, or by how well their faculties understand important drivers of business performance,

they measure themselves almost solely by the rigor of their scientific research. They have adopted a model of science that uses abstract financial and economic analysis, statistical multiple regressions, and laboratory psychology. Some of the research produced is excellent, but because so little of it is grounded in actual business practices, the focus of graduate business education has become increasingly circumscribed - and less and less relevant to practitioners.

When applied to business — essentially a human activity in which judgments are made with messy, incomplete, and incoherent data — statistical and methodological wizardry can blind rather than illuminate. Consider some of the most difficult questions facing managers: What is ethical leadership? How should a CEO be compensated? How does one design global operations so they are at once effective and equitable? What is the purpose of a corporation beyond the creation of shareholder value? Such broad, multifaceted questions do not easily lend themselves to scientific experiment or validation.

What professors' study, and the way they study it, directly affects the education of MBA candidates. As research-oriented business professors come to dominate business school faculties, they assume responsibility for setting the MBA curriculum. Not surprisingly, they tend to teach what they know, which often translates into first-class instruction on methodology and scientifically oriented research.

These professors are brilliant fact collectors; but despite their high level of competence, they are too often uncomfortable dealing with multidisciplinary issues in the classroom. As a result, the messy issues, no matter how pressing, receive less attention in MBA courses. The trend away from using the case method corroborates this point and is accelerated by greater emphasis on mathematical and quantitative skills in the revised Graduate Management Admission Test (GMAT), the first filter of future managers. Business professors too often forget that executive decision makers are not fact collectors; they are fact users and integrators. Thus, what they need from educators is help in understanding how to interpret facts and guidance from experienced teachers in making decisions in the absence of clear facts. After all, any low-level administrator can make sound decisions when all the facts are in; having the courage to take a shot in the dark while remaining ethical is one of the hallmarks of leadership. If the purpose of graduate business education is to develop executives —leaders — then the faculty must have expertise in more than just fact collection.

If business schools are to regain their relevance, they must come to grips with the reality that business management is not just a scientific discipline; it must be grounded in practice, and they must deal with what a professional education requires. A good professional education has at least four key elements: an accepted body of knowledge, a system for certifying that individuals have mastered

that body of knowledge before they are allowed to practice, a commitment to the public good, and an enforceable code of ethics. Above all, a good professional education integrates knowledge and practice.

In this light, Nyenrode Business Universiteit can be regarded as a leading business school. Its professors are all heavily grounded both in academia and the business world. The emphasis on real-life cases helps the curriculum of Nyenrode Business Universiteit transcend those of its competitors. Moreover, Nyenrode's closely knit community assists in the personal development of all its students, ensuring future leaders that are capable, knowledgeable and ethical. In the past few years, Nyenrode Business Universiteit has risen from the 48th position to the 28th position in the Financial Times ranking of the Best European Business Schools. As noted, Nyenrode Business Universiteit is ahead of the curve, and the efforts undertaken to further improve both the academic level and the opportunities for personal development of the students ensure that this lead will be maintained. This means that Nyenrode Business Universiteit will continue to rise in the rankings, but more importantly, that its students will have a genuinely positive impact on the business world as its future leaders.

J.P.M. Morsch, MSc. MA

## THE FUND MANAGERS OF 2009



Roderik van der  
Kolk

Together with four other students of the MSc program we form the team of fund managers that tries to beat the AEX this year. The team consists of students of all three tracks, marketing, general and financial management. When we took over the portfolio from the former fund managers we noticed that “De Zilveren Rijder” was also hit by the credit crisis. Almost all our funds in the portfolio had gone down from their previous levels last year. However, the crisis has given us the opportunity to rebuild the portfolio into a new solid structure that can benefit from the expected rebound in economic markets in the coming years. For the current year we expect only a marginal growth in our portfolio but this growth will persist in the coming years. As fund managers we meet regularly with each other to discuss the AEX and our expectations of the market.

It is interesting to see how different people interpret information differently. Some other fund managers do have some experience with trading and investing and we all learn a lot from each other. Lately we

have been focusing more on stocks that we anticipate to benefit the most from a rebound in the economy such as cyclical funds and funds related to commodities. It is our goal to balance our portfolio as to have one third of steady low risk stocks that do well under almost all conditions (KPN, Ahold etc.) and two third of stocks that have been hit hard by the economic downturn but have a lot of upward potential when the economy starts to heat up again (services, financials).

Our team of fund managers all have very outspoken views on what will happen to the AEX in the coming months and years. I feel this is one of the most important things about being a fund manager, being able to create your own views about the market regardless of what others think. It makes for interesting debates during meeting about whether we are or are not going to invest in a certain stock. So far we are having a lot of fun and learn a lot from being involved in the stock market. It does not matter what kind of fund manager you are, the only thing that matters is that you enjoy what you do and that you beat your benchmarks, in our case the AEX.

Ter zake!  
Roderik van de Kolk

## REVIVAL OF OLD TRADITION

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**N**yenrode revived an old stock exchange tradition on Wednesday the 10th of June in Amsterdam. The Zilveren Rijder and a group of 40 MSc. and IMBA students were all invited by NYSE Euronext (NYX) to sound the “opening bell” together to mark the closing of the trading session in Europe.

Established four centuries ago, the Amsterdam stock exchange is regarded as the oldest exchange in the world. Through information sessions we learned that share trading originated in Amsterdam, where the ‘Verenigde Oostindische Compagnie’, a large shipping company, was in permanent need of funds to finance the shipping of goods from the Far East. The shares in this company were the first traded shares in the world, and at the start of the seventeenth century they were heavily traded.

The guided tour through the gallery enabled the students to experience the diverse array of financial products and services that NYSE Euronext offered for issuers, investors and financial institutions.

Today Amsterdam still maintains a strong presence in derivatives trading and NYSE Euronext is the world’s leading and most liquid exchange group. Its family of exchanges, located in six countries, include the New York Stock Exchange, the world’s largest cash equities market; Euronext, the Eurozone’s largest cash equities market; Liffe, Europe’s leading derivatives exchange by value of trading; and NYSE Arca Options, one of the fastest growing U.S. options trading platforms.

The visit to the famous beursplein 5 resulted in a hands-on experience with the dynamic world of investments and trading, which will continue to be the focus on our upcoming events!





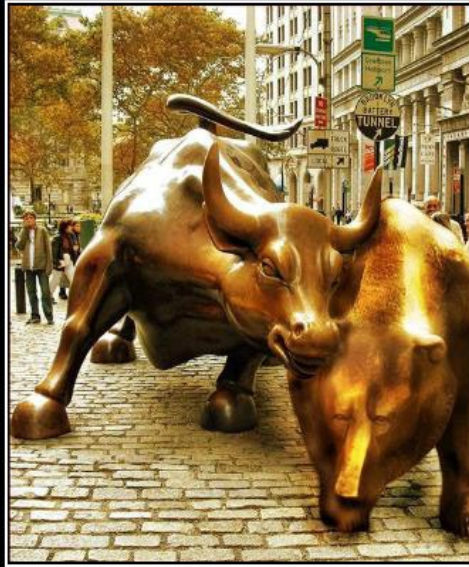
## HUMOR



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## UPS AND DOWNS

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