

# At UNC's Kenan-Flagler, real dollars keep students on their toes

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Steve Wilson

Eric Boggs says his real world experience with KFBSF gave him a head start in raising money for his company, Argyle Social.

CHAPEL HILL – When students at Kenan-Flagler learn about investing, they don't do it hypothetically. They do it with real money – \$12 million, in fact.

Leaders of the business school at the University of North Carolina at Chapel Hill offer students the real world experience of going out and raising real capital, investing in real companies and realizing real gains – or losses.

**UNC** has three funds under the Kenan-Flagler Business School Foundation, KFBSF, an entity approved by the UNC Board of Governors in 2006. One fund trades in public companies, one invests in real estate, and one is set up as a private equity fund. The combined funds have \$12 million under management, and school officials say Kenan-Flagler is the only business school in the nation to offer such a program.

Starting in the fall, KFBSF will add a second real estate fund, giving a new batch of students the opportunity to raise fresh capital and search for new investment opportunities. The first fund is almost fully invested.

Students meet with potential investors for fundraising, analyze and monitor deals and

decide on an exit strategy. Faculty advisers oversee the project and can override any decision, but leave the students to themselves as much as possible, says **Clay Hamner**, a **Frank Hawkins Kenan** professor and faculty adviser for the KFBSF private equity fund.

“It’s a great learning experience, but it’s atypical,” Hamner says. “It has sort of set us apart from other schools.”

The KFBSF private equity fund has invested in a dozen firms, including Hatteras Funds of Raleigh, Plexus Capital of Charlotte and the PNC Equity Fund of Pittsburgh, Pa. Among real estate holdings is **Alta Corners**, a 270-unit multifamily project in Orlando, Fla.

As for investors, they must be a “friend of the university,” typically a graduate or someone with close ties, Hamner says. Similarly, the students work closely with professional investment groups, again typically headed by a UNC-CH graduate, which cherry pick some of the investment opportunities for KFBSF.

KFBSF invests separately from the professional group and chooses proposals based on merit, Hamner says.

For their part, investors expect real returns. They are not making donations to provide a learning experience.

“I think this is a great on-the-job training for some young, would-be professionals,” says **Jeff Allred**, a KFBSF investor and member of an oversight group since the program’s inception. “I’ve been extremely impressed with these young men and women.”

Allred, an Atlanta lawyer with an MBA from Kenan-Flagler, would not say how much he has invested, but characterized it as “enough that I care about it.” He says students are exposed to professionals such as himself, so they are able to make contacts and given a chance to shine before potential employers, Allred says.

Allred says the return from his investment with KFBSF is better than 30 percent, making it one of the best performers in his portfolio.

Looking back on their time with the program, students say they value the experience.

“Actually participating in a fund is very different from reading about a fund in a textbook,” says **Christy Ferguson**, class of 2008, who now evaluates investment opportunities for Laboratory Corp. of America in Burlington. “I would say that was one of the most interesting things I did in business school.”

**Eric Boggs**, class of 2009, says he remembers how much he learned from the real experiences. He had to make a pitch to a potential investor, but the investor declined.

“You talk about an educating experience,” Boggs said. “But that’s how you learn. You

learn when you make mistakes, and you learn when there are real outcomes. That's something I'll never forget."

Since graduating, Boggs has launched Argyle Social, which works with companies to maximize their social media potential. In October, Argyle raised \$325,000 and just hired its ninth employee.