1995

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Recommended Citation
Available at: http://digitalcommons.iwu.edu/parkplace/vol3/iss1/7
Maxmilliano Proano, '94, is pursuing a masters in business administration from Carnegie Mellon University. Before coming to Wesleyan, Max had worked for several years at a bank in Ecuador.

Rawla Dbarat, '94, has just been accepted into the MBA program at the University of North Carolina at Chapel Hill.

Ossi Saarinen, '94, is finishing up a one year mandatory term of service with the Finnish army. He is hoping to return to the United States to obtain his Ph.D. in Economics.

GK Capital Management

by Ashley Wickrema

The 24 hour, global foreign exchange market traded $623 billion dollars a day in 1992. With the increasing liberalization of trade barriers worldwide and the ensuing growth, these markets represent both an opportunity and risk to investment, banking, and corporate professionals. Corporate treasurers and investment professionals need to actively manage their exposure to the volatile currency movements in order to avoid substantially reducing profits and yields due to adverse movements in the currency market. The necessity of having a foreign exchange strategy has promoted money managers who specialize in currency only programs.

It is definitely surprising to find that one of the world's largest and longest established independent foreign exchange money managers, GK Capital, is in downtown Bloomington.

GK Capital is a pioneer in the foreign exchange markets and is a world leader in applying quantitative analysis in money management. The company develops its own investment technology and market analysis techniques using statistical analytical methods from mathematics, physics, and even engineering. Using this expertise, GK has been able to successfully manage assets of about $5.5 billion, no easy feat considering the extreme volatility in the currency markets.

Typically, GK manages a portfolio of the currency pairs based on the US dollar (British pound, German mark, Swiss franc, Japanese yen), non-dollar cross rates (mark/yen, mark/peseta, etc.), and other minor European currencies. The currencies of developing and emerging nations in Asia (Thai baht, Indonesian rupiah, etc.) are increasingly becoming an important component of their global portfolio. With GK's increasing sophistication in market analysis it has moved in the direction of the "exotic" currencies, like the Australian dollar/Japanese yen cross rates and other volatile currencies.

GK also provides performance enhancement programs, which generate either fixed or incremental returns on cash or debt instruments above a given benchmark. The company's currency overlay and hedging program is based on managing foreign exchange risk across a portfolio of international stocks and fixed income instruments. GK's main clients include banks, pension funds, corporations, investment managers, and securities houses.

GK Capital Management was formed by the owner and President Gary Klopfenstein. Mr. Klopfenstein is a Wesleyan Alumnus who graduated with a degree in business administration.

When he was 19, he became president of his family's multi-million dollar feed and grain business and began his active trading career. Mr. Klopfenstein became interested in the risk
management component of the commodity futures market, and when the chance arose he decided to sell the feed and grain business and trade on the financial markets. His trading and hedging experience benefitted him as he researched and developed systems to analyze market movements and provide sophisticated risk management techniques. Initially, he traded his own capital on the market and was extremely successful. He later had the opportunity to manage third party funds, and subsequently formed GK Capital Management in 1986. From then GK Capital posted steady gains and soon ranked at the top of currency trading firms.

Currently, GK has offices in New York, Houston, Dubai, and Kuala Lumpur. However, the nerve center of operations is located in downtown Bloomington in the CII East building, where 5 employees (and Mr. Klopfenstein) research, develop, and test quantitative analysis techniques in relation to the market. Among this select group is Colin Fitzgerald, another alumnus of Wesleyan.

With all his success, Mr. Klopfenstein has not forgotten his roots. GK Capital has a consistent policy of interning Wesleyan students every semester, introducing them to the foreign exchange markets, and allowing them to gain experience in these complex markets.

Interview with Dr. Chapman
by Anne Peterson

Dr. Margaret Chapman, Dr. Arun Elhance, and Dr. John Wenum collaborated their skills and talents to create a book entitled Mitsubishi Motors in Illinois: Global Strategies that explores the economic and political impact of Diamond Star Motors upon the Bloomington/Normal area.

Diamond Star Motors initially began as a joint venture between Mitsubishi Motors Company and Chrysler Corporation. With an amenable incentive package offered from the State of Illinois, Mitsubishi began assembling automobiles. "Mitsubishi's production methods have won Car and Driver magazine awards," commented Dr. Chapman. "They have a reputation of being popular, high quality, and reasonably priced automobiles."

Chapman and Elhance designed and administered several different surveys to both the employees and employers of Diamond Star and began to create a picture of how the company operated in relation to its community.

The results of Wenum's study exposed many of the common political and economic backlashes of Mitsubishi's and Chrysler's joint venture. One of the main criticisms regarding the nature of the state's incentive package to attract Mitsubishi to establish their plant in Central Illinois centered around the use of incentives to attract foreign firms to the state. "They are allowed to compete with a subsidy that is not available to local firms," said Chapman. Moreover, since Mitsubishi has a proclivity to access external suppliers, many critics argued that national suppliers would not be accessed by Mitsubishi because they would ship their native products over from Japan.

This, however, did not emerge as a viable option for the firm because of their reliance on just-in-time (JIT) production methods. They needed suppliers to be close enough to arrange a shipment to arrive at least once a day in order to maintain enough inventory for two shifts. Although the incentive package offered by the Illinois Department of Commerce and Community Affairs was successful at state level, the department was completely restructured by the following election. Illinois