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Strong Investment

To survive and thrive through Wall Street's wild ups and downs, Marcus Dunlop '08 relies on his inner drive to persevere.

Story by GAIL GABODA '88 & TIM OBERMILLER
Portrait photos by CHARLES ESHELMAN

Just two months after graduating from Illinois Wesleyan, Marcus Dunlop arrived on Wall Street in July 2008 with high hopes. He was starting what he calls a "dream job" as an investment-banking analyst for Goldman Sachs.

"It felt great," he remembers. "This is something I worked for and wanted." A business-administration and economics double major at IWU, Dunlop graduated summa cum laude. He was also an Academic All-American football player, a student laureate of the Lincoln Academy of Illinois and a member of the Phi Kappa Phi national honor society. He had interned at State Farm Insurance in Bloomington and at the Chicago office of PricewaterhouseCoopers. Dunlop felt he'd done all he could to ready himself for success.

What happened next is something Dunlop could have never prepared for. He was about to witness, firsthand, one of the biggest financial meltdowns in modern history.



"This is one of those fields where you're not doing the same thing every day," says Dunlop (above). You'll always have a new challenge."

"An eerie feeling"

At Goldman Sachs' headquarters in Lower Manhattan, Dunlop was surrounded by many who, like him, were young, talented and ambitious. "Everyone is smart at this point. I had to differentiate myself among this class. I had to prove myself all over again. What I did in school didn't matter anymore. It became all about my work product."

Suddenly, Dunlop found himself facing a far bigger challenge. The decline in housing prices that began in 2007 resulted in rising mortgage defaults and destabilized credit markets, which ultimately spread to the entire financial system. In September 2008 — after the bankruptcy of Lehman Brothers and the near-collapse of AIG — "investors began to lose faith in the financial system and all asset classes began to fall in value very rapidly," Dunlop recalls.

The week of Oct. 6, 2008, brought a record decline in which the Dow Jones Industrial Average fell 1,874 points, or 18.1 percent.

In the wake of the market crash, Dunlop says that it was hard for his coworkers and superiors to stay focused. "We were watching and reading the news all the time to keep up with the rapidly changing developments. No one felt 100 percent safe."

Goldman Sachs began the first in a series of layoffs in November 2008 by announcing it was cutting some 3,200 jobs. Dunlop remembers meeting with a coworker one day at 9 a.m. and following up with an e-mail hours later, only to receive an auto-response that the recipient was no longer with the

firm. "That's how quickly things were changing," says Dunlop, who saw colleagues moved to back-office positions and the dismissal of vice presidents who had been with the company for years.

"The prevalent theory on Wall Street at that point was that the investment banking business model was unsustainable and would ultimately fail or have to be acquired by larger financial institutions." After Bank of America's acquisition of Merrill Lynch, "the assumption was that Morgan Stanley and Goldman Sachs were next in line. There was a lot of uncertainty on the long-term perspective of these companies, and it certainly didn't feel good.

"When that fear started to go around Wall Street," Dunlop continues, "there was an eerie feeling all over the place. It was obviously a very scary time." Yet, throughout the layoffs and uncertainty, "I didn't let it affect me too much because it was out of my control," he says. "I felt I should focus on what I could control and make sure I was working hard."

The heart of a lion

Dunlop's focus was something IWU Head Football Coach Norm Eash noticed when the two first met at Proviso East High School in Maywood, Ill., a west Chicago suburb. Dunlop was Proviso East's star running back and one of its best students.

"The thing that impressed me most was his demeanor," Eash says. "He looked me right in the eyes and kept eye contact throughout our conversation. ... I sensed he would be a great fit for IWU. I knew that Wesleyan would take Marcus far. And that he was really going to leave his mark on Wesleyan."

Dunlop had already left his mark in Maywood, where his academic and athletic drive made him stand out in the crime- and gang-ridden area where he grew up.

"At the time I was there," says Dunlop, "it didn't seem tough because that was all I knew, but looking back I realize it wasn't the best of neighborhoods. I remember my senior year in high school there were 20 murders. This was something I grew a little numb to because of the normalcy around it." Some of his friends were killed as a result of "a stray bullet or mistaken identity," including one who was slain while leaving church service.

"This environment does make you more alert," Dunlop says, "and, for me, more focused. I refused to be distracted by anything or anyone along the way. But I didn't do it on my own. I had a good support system" — starting with his mother, Ruthie.

When Dunlop was 5, his father died. Watching his mother persevere as she raised him and his two younger sisters had a profound effect on him.



Fall Family Day brought several important people in Dunlop's life to campus. Shown from left are his grandfather, William Dunlop; his mother, Ruthie; Marcus; his cousin Benjamin and his youngest sister, Olivia

"She was a shining example that one can remain strong in the most difficult of situations. ... Even with our situation, I grew up in a loving home with food on the table every night. This helped set my work ethic and taught me to work hard for everything in life." From his mother, he also learned "compassion and generosity. There are very few people who have such a big heart."

His grandfather, a chemist and accountant, and his uncle, an airline pilot, also shared with Dunlop "valuable life lessons from their experiences and gave me an example of successful professional men."

Another role model was Aaron Peppers, a Maywood police officer and Dunlop's football coach, first on a Pop Warner youth team and later at Proviso East.

"We used to call him 'The Professor,'" says Peppers, "because Marcus was so smart and, when he was little, his glasses were bigger than his whole body. But he had the heart of a lion."

Peppers remembers, "Back in his Pop Warner days, we would have our games on Sunday and he would sometimes miss the first quarter because he had Bible studies. ... Marcus always had his priorities in order. It was God, family and then community."

On the field, Peppers says, "Marcus naturally became a leader. It was important to him to play football and he trained really hard in high school. And as serious as he was about football, he was even more serious about education."

Closer to the action

Several colleges recruited Dunlop, but during an overnight stay at Wesleyan, "I just fell in love with the place," he says. Some of his best college memories are "hanging out with friends, laughing, playing cards, throwing darts ... and doing college kids' stuff."

Dunlop had considered possible careers as an engineer, a lawyer and a sports agent. That changed when he took an introductory financial management course taught by Elisabeta Pana, associate professor of business administration. "After that class, I really understood what finance was and its role in business. That's when I got the feeling that this could be my next challenge in life after my football career came to an end."

His favorite college course, also taught by Pana, was Portfolio Management, where students manage a "real-dollar" portfolio, proceeds from which provide scholarships for University students. "You think and act differently when you know its real money on the line," Dunlop says. "It was exciting."

A summer internship at PricewaterhouseCoopers prior to Dunlop's senior year brought him even closer to the action. "I asked myself, is this the type of work I could do for 16 or 17 hours a day? Because that's the type of hours you work in this industry." He found himself totally immersed, enjoying "the fast-paced nature of it," he says.



President Richard F. Wilson (above left) congratulated Dunlop on being selected to receive the Lincoln Academy of Illinois Student Laureate Award in 2007. (Photo by Marc Featherly)

Looking back, Dunlop says, "I really felt my competitive spirit coming out at IWU. It provided me the perfect opportunity to challenge myself."

One such opportunity came during his final football game as a senior against conference rival Wheaton College. "Marcus was playing with bad ankles, but it wasn't going to deter him," recalls Eash. Dunlop rushed for 138 yards, including a 30-yard touchdown run in the game's final minutes, securing a win that gave the team its first conference championship since 2001. In the Titan record books, Dunlop is ranked second all-time in total career rushing with 2,649 yards.

"Some athletes play at a certain level and there's a higher level they can attain, and they don't understand that," says Eash. "Marcus always attained the highest level he could in anything that he did. It's that inner drive he's always had."

Another game to win

After many anxious months, there were signs of improvement on Wall Street by the spring of 2009. The market had turned around and net cash inflow to bond funds was at a record-high pace. "Companies were able to raise fresh money for the first time in six months," says Dunlop, "and that's when people started to feel better."

Just as the market was calming down, a former Goldman colleague recommended Dunlop for a position at a new hedge fund, HG Vora Capital Management. At first he wasn't sure if he wanted to leave the security of a big firm like Goldman for the uncertainty of a start-up. But "the opportunity to be more entrepreneurial was exciting to me," and he accepted the job.

As Dunlop explains, hedge funds manage investments for a small number of "sophisticated" investors — such as pension funds, insurance companies, endowments and high-net-worth individuals. These investors pool their money together and share in the profits and/or losses of the investments in the fund's portfolio.

Dunlop and his team — which includes recent graduates of Johns Hopkins, Harvard and Brown universities — identify and evaluate potential investments for HG Vora. They also monitor current investments.

"We have to conduct research and evaluate the potential returns of investments — but, more importantly, evaluate the potential risks. As new information comes out, we have to continually reevaluate our decisions. It's important that we are honest with ourselves and continue to challenge our original analyses," he says.

"The market is always moving fast, reacting to economic data, company announcements, political unrest, et cetera. Many times we have to digest information quickly and make decisions. It can be stressful, but very rewarding as well."

While stress is central to the Wall Street experience, Dunlop admits, "It can be hard to turn off. You're thinking all the time. You have your Blackberry everywhere. You're always on call. Something may come up over the weekend and you just need to get it done."

He does find time to play basketball and work out at the gym, or "go out with friends to restaurants, bars, sporting events, concerts or plays," he says. "New York is a great city because there is so much to do."

As for his future, "I see myself remaining in an investing role. I definitely enjoy it. I came to HG Vora to help build a business," he says, adding that in five to 10 years he looks forward to playing a role in growing his company into a large investment firm.

More than anything, Dunlop says, the job appeals to his competitive spirit. "This is one of those fields where you're not doing the same thing every day. You'll always have a new challenge. It's always going to be a new company or a new investment idea that you have to work so hard for and prepare for, just like in sports.

"Investing reminds me of football because of the intense preparation and focus you must have. In football, you have a scoreboard," he says, while the equivalent in the hedge-fund world is the fund return. "Either way you want to prepare to win."

To make sure he's on the winning side, Dunlop constantly pushes himself to improve. "My goal is to work even harder every day so that I am getting better with each challenge I take on.

"I think that drive," Dunlop says, "is what really differentiates people."

