Burkenroad Conference spotlights recovery

May 4, 2010

What a difference a year makes.

At last year's Burkenroad Reports Investment Conference, 33 of the 34 companies that participated posted negative returns for the preceding 12 months. This year, 28 of 33 companies posted positive returns, including top performer Stone Energy, which returned a spectacular 337.89 percent for the year.



Peter Ricchiuti, left, with Cyberonics CFO Greg Browne, said investors are starting to bid up stocks in anticipation of a sustained economic recovery.

“The market is up 83 percent in the last 13 months, which is the best 13 months in history,” says Peter Ricchiuti, research director of Burkenroad Reports and organizer of the annual conference. “I think the people in attendance were looking back at last year and the bargains that had been presented and kicking themselves for not buying them.”

The conference, which took place on April 23 at the New Orleans Sheraton, was established to serve as an annual showcase for the small- and mid-cap companies followed by the student analysts of Freeman’s Burkenroad Reports equities research program, but in its 14-year history it’s also become a barometer of the regional economy.

Ricchiuti says the central message of this year’s conference was that—despite what you might hear on Fox News—the nation's economy is rebounding in a really big way.

“Our keynote speaker, Jim Paulsen, chief investment strategist with Wells Capital Management, talked about how people are missing the fact that this is a powerful v-shaped recovery,” Ricchiuti says. “He said we basically talked ourselves into this problem. It wasn’t the 10 percent of people who lost their jobs. It was the 90 percent of people that still had jobs who weren’t spending because they were getting ready for the Great Depression.”

Now that predictions of another Great Depression have turned out to be inaccurate, investors are starting to buy stocks in anticipation of a sustained, widespread recovery.



Keynote speaker Jim Paulsen said the U.S. is in the midst of a powerful v-shaped recovery.

"A lot of really sharp investors have realized that the stock market is ahead of the economy, so they're beginning to buy companies that are tied to the housing cycle even though housing is still pretty crummy," Ricchiuti says. "You're seeing stocks like Craftmade International, which makes ceiling fans, and Pool Corp. really start to get bid up in the belief that we've hit bottom and there's going to be better times not too far down the road."

In addition to Paulsen's keynote talk, the conference's luncheon also featured the presentation of this year's Rising Tide Award to Olivia Turek (BSM '02) of Prudential Investments in New York. The award recognizes Freeman alumni who excel in the investment community.

Also at the luncheon, Hancock Bank presented Burkenroad Reports with a gift of $125,000. The bank manages the Hancock Horizon Burkenroad Fund, a mutual fund that was inspired by the program and which uses the reports as a primary source of research and analysis.

More than 500 people attended this year’s conference, including about 175 investment professionals. Ricchiuti says one of the most encouraging developments he’s seen is that companies participating in and attending the event are finally starting to use it for recruiting.

“This year we had three students get jobs or internships at the conference,” Ricchiuti says. “That really hadn’t existed before, but now it’s starting to catch.”