When it comes to investing, many people defer to the expertise of financial advisers and fund managers. Another group, however, may also be worth considering: college students.

At several universities, students are receiving investing practice through so-called student-managed funds. Like mutual funds, these portfolios invest a pool of money in stocks, bonds or cash. But students call the shots, and the money managed is generally a slice of the school's endowment or an alumni donation.

Of course, the aim is to churn out positive returns. But more important, say professors, the funds are a teaching tool.

Students learn how to manage real money without too dire of consequences if mistakes are made.

It's an enviable position in today's volatile market.

So what lessons are they learning? Here's what a few had to say--and how these nuggets of wisdom could apply to you.

-- Use checks and balances

Most student-managed funds operate within a democratic framework: Although each student may track a particular stock, it takes a majority vote to decide whether to buy, sell or hold an asset.

If a student can't defend her proposal for a particular stock, then the group is unlikely to vote favorably. (Think of it in terms of a pitch you hear from say, your Uncle Ned: Could he convince you--and all your friends or colleagues--that Company XYZ is the next big thing? Could you convince him?) That type of scrutiny makes it much more difficult for emotions or other biases to drive investment decisions.

"Majority voting forces some pretty heated debate among the students," said Andrew Karolyi, a
professor of finance and faculty administrator of the Student Investment Management Program at Ohio State University's Fisher College of Business. "It keeps them from getting carried away."

Case in point: Though energy stocks have been on a tear and recently made up 13.3 percent of the Standard & Poor's 500 index, the stocks add up to only 9.9 percent in Ohio State's student fund. (The program uses the S&P 500 as a benchmark.)

"We haven't been willing to place a huge bet on energy now that it's hot," said Matthew Falk, the program's graduate assistant, referring to the record-high oil prices.

-- Focus on fundamentals

When a student does make a proposal to buy, sell or hold an asset, the argument must be rooted in analysis of the company itself. Is the stock price a good value, for example, compared with a company's potential for growth?

At Stetson University in Florida, James Mallett, a professor of finance, has been cautioning students in the Roland George Investments Program against letting a general pessimism about the market sway investment decisions.

His advice: "The only way to sell a stock is if you think it's overvalued," he said.

You also need an action plan for reinvesting.

"If you leave it in cash then you're trying to time the market," he said.

Keeping that focus, and sticking to a long-term perspective, can pay off. Last year Stetson's stock fund, which invests in small-cap companies, returned 1.35 percent. Meanwhile, the Russell 2000 index, a comparable benchmark, was down 1.6 percent. (So far this year, Stetson's fund trails the index.)

-- Forget the past

Many students also stay disciplined by setting automatic controls. At New York University's Stern School of Business, for example, stock holdings are assigned price caps. So one stock may be allowed to climb only 20 percent or drop 10 percent before it has to be studied again.

Once a target is hit, "We evaluate whether the original thesis for the stock still holds," said Raymond Li, a second-year MBA student.

The students also focus on the future.

"One thing that has really impressed me is that when a stock comes up, very rarely does anyone ask, 'How have we done?'" said Anthony Marciano, a corporate finance professor at NYU and faculty adviser to the school's Michael Price Student Investment Fund.

Marciano said that attitude is critical.

"If you think a company is overpriced, then maybe it's time to sell," he said. "But that's different from asking how much money we've made."

In the six months through March 1, the portfolio, which is made up of three equity funds and one bond
fund, is down 3.2 percent. Its benchmark, a blend of Russell stock indices and the Vanguard Total Bond Market Index, is down 6.6 percent.

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