

Pittsburgh Business Times - October 19, 2009  
[pittsburgh/stories/2009/10/19/smallb8.html](http://pittsburgh/stories/2009/10/19/smallb8.html)

Welcome, [eypeck@strategicad.com](mailto:eypeck@strategicad.com) | [Account](#) | [Email Alerts](#) | [Sign Out](#)

## PITTSBURGH BUSINESSTIMES

Friday, October 16, 2009

# Young investor finds success dealing in bank stocks

Pittsburgh Business Times - by [Patty Tascarella](#)

The recession-wracked stock market stymied many investors, but Matthew Steve saw a great opportunity to find undervalued stocks.

"I jumped into the financial sector and bought big name bank stocks in March," Steve said. "I felt the economy would eventually recover and the appreciation from these would be substantial over the next few years.

"Most major bank stocks were trading at a fraction of their 2007 prices in early 2009; I just couldn't justify that these stocks were correctly valued at their March 2009 levels. My bet has paid off thus far."

It wasn't the easiest decision at the time.

"The chance of the U.S. nationalizing some of the major banks really had me sweating in the first quarter," he said.

"Once that fear subsided, most major bank stocks have increased in value by over 100 percent from their March 2009 levels."

Consider **Bank of America Corp.**, now among Steve's five largest holdings. He bought it at around \$7 per share. It's currently trading around \$17.50. Other March acquisitions were **Citigroup Inc.**, **Wells Fargo & Co.** and S&P Depository Receipts or "spiders," an index that mirrors the S&P 500. Steve realized a 50 percent return over the following five months.

Steve, 27, admits he's not "the most experienced trader, but I had the feeling (bank stocks) were undervalued." He also knows the sector well — he's built his career there, "so these are stocks I'm a little more educated on."

He started working at **PNC Financial Services Group Inc.**, Downtown, and invested in its stock via his 401(k). PNC also is among his largest holdings. Then he moved across the state to Philadelphia-based boutique investment firm **Curtis Financial Group** and returned to the Pittsburgh area this past spring to join investment banking firm **Strategic Advisors Inc.** in Canonsburg.

When Steve left PNC, he rolled over his 401(k). Alan Kiessling, his financial adviser at **Merrill Lynch**, began diversifying Steve's portfolio with mutual funds last year.

"They've done pretty well so far," Steve said.

Three are among his largest holdings: Hartford Capital Appreciation Fund C, American Euro Pacific Fund and American Growth Fund. Kiessling, who was not immediately available, handles the mutual funds. They touch base every couple months, Steve said.

Steve has a trading account and picks stocks.

David Root Jr., CEO of Downtown-based investment firm **D.B. Root & Co.**, doesn't work with Steve but said given his age and circumstances, "there's no better time to take risks." However, Root believes young investors who set up trading accounts should determine how much they're willing to chance.

"It's important to have a risk management process in place for entry and exit points," Root said.

Steve is concerned he might have been a "little greedy" with the bank stocks and isn't sure his August purchase of troubled business loan giant **CIT Group Inc.** was a good move.

"I figured if they could survive and avoid bankruptcy, then I could realize a substantial return over the next few years," Steve said. "However, the stock continues to go down and the company may be forced into bankruptcy."

He figures he can tolerate the risk, and the potential upside three or four years down the road could justify it.

### Matthew Steve

Associate, Strategic Advisors

Investing philosophy: Be willing to accept significant risk for significant returns, listen to your gut, invest in equities when you're younger and don't sell investments at the bottom because you get nervous.

Largest holdings: Bank of America Corp., PNC Financial Services Group Inc., Hartford Capital Appreciation Fund C, American Euro Pacific Fund and American Growth Fund.

Biggest investing success: Bank stocks

Biggest investing mistake: CIT Group



Joe Wojcik

Matthew Steve, an associate with Strategic Advisors, had a feeling bank stocks were undervalued, and it's paid off.

[View Larger](#)