



FINANCE 397.6 – SPECIAL TOPICS IN INVESTMENTS

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Professor	Sanford J Leeds
Office	GSB 5.164
Office Hours	By appointment for Fund managers
Phone	471-6830
E-Mail	sandy.leeds@mcombs.utexas.edu
Course Web Page	via Blackboard
Teaching Assistant	n/a

Course Objectives

FIN 397.6 is intended to continue your education in the field of asset management. During this course, you will continue to manage The MBA Investment Fund, L.L.C. while also engaging in several academic activities, as described below.

This year, I am making changes in this course. Instead of having each group conduct two morning meetings, each group will conduct just one. Since most of you will also speak at the Advisors' Meeting (due to the change in structure of the meeting), we are going to do a different type of presentation for your second class presentation. Your second "presentation" will occur when you serve as the main questioner during another group's morning meeting. Each of you will be assigned to question one other manager during his/her presentation. In your career, you will probably spend more time interviewing analysts, managers and executives than you will spend making presentations.

Leadership and this Course

The Texas MBA program is designed to develop influential business leaders. The MBA Program has identified four fundamental and broad pillars of leadership: knowledge and understanding, communication and collaboration, responsibility and integrity, and a worldview of business and society.

In this course, you will enhance your knowledge and understanding of financial markets and investment instruments. In addition, you will be making presentations to your peers and to outside money managers. You will also be collaborating with your sector team.

Prerequisite

You must currently be a student manager of The MBA Investment Fund, L.L.C. There are no exceptions to this rule.

Course Requirements and Grading

Your grade in the course will be determined as follows:

Morning Meeting	20%
Interview Position (Morning Meeting)	20%
Industry Report	60%

Description of Requirements

Morning Meeting

This semester's morning meeting should concentrate on the portfolio, the bets you are making, the key industry trends and how those thoughts lead to your stock selections and your favorite stock right now. Think about answering the primary questions: (1) how have we done?; (2) what explains that performance?; (3) how is our portfolio positioned now?; and (4) why is our portfolio positioned this way (i.e., what do you think the key themes will be in the future within your sectors)? The emphasis should be forward looking. You will be using an abridged version of this presentation when we meet with the advisors.

You are judged on both the quality of your presentation and the persuasiveness of your presentation. Business casual is appropriate when you are presenting.

Morning Meeting Questioner

You will be assigned to be the main "questioner" during one other manager's Morning Meeting presentation. You will be the only person asking questions during this presentation. You will be judged on the quality of your questions and whether we received better information as a result of your questions. Collaborating in any way with the presenter (i.e., arranging questions, receiving help in your preparation for the meeting, etc.) will be considered to be scholastic dishonesty.

I want to emphasize that this is a professional setting and we are all trying to learn and improve. The evidence of a good question is that it leads us to a better understanding of a subject or an insight. I want you to ask difficult, insightful questions. The goal is not to stump the speaker – although that happens sometimes and there is nothing wrong with that. Speakers should also realize that we all understand that you don't know everything. Sometimes, you won't know the answer. That's fine. I want this to be a good learning experience and not one that results in friendships being lost. Most importantly though, I want the questions to be aggressive, as I want this to help you prepare for the Advisors' Meeting.

There is no specific dress code requirement for the questioner.

Industry Report

This paper should be approximately 40 - 60 pages of outline text plus slides. (Approximately 15 – 25 pages will be the three stock reports; the remaining 25 – 35 pages will be about the industry.) I have provided you an outline (in a separate Excel workbook) of the report and what is due on a weekly basis. This will help to keep you on pace. Each week, you will turn in an assignment PLUS you will turn in the prior week's assignment that you have corrected (after I have given you comments).

Remember that this is an argument! You must convince the reader that you have hit all important issues.

Common errors include lack of detail, lack of persuasiveness (as to whether this industry is attractive or not and which companies should be bought / sold) and failure to discuss valuation in detail. In addition, be sure to lead with your conclusions. Good reports make assertions and then prove them with data (and charts). Poorly written papers make the reader wait for the conclusion or have no evidence to support the assertion.

Important Dates for the Year

Thursday, August 27th – initial class meeting

Tuesday, September 1st – Fund Informational Meeting (6 PM) -- Mandatory

Thursday, September 10th – Class -- Morning Meetings / Advisors Meeting
Sunday, September 13th – (4 – 8 PM) – Morning Meetings / Advisors Meeting

Tuesday, September 15th – Class -- Morning Meetings / Advisors Meeting
Thursday, September 17th – Dinner – Advisors' Meeting (Mandatory)
Friday, September 17th – Advisors' Meeting (Mandatory)

Friday, October 2nd – First Year Applications Due

Thursday, October 29 – Stock Pitch Competition (First Year Students)

Early November – First Year Interviews

Tuesday, November 3rd – class

Tuesday, November 10th – class

Thursday, November 12th – class

Tuesday, November 17th – class

Tuesday, December 1st -- class

Saturday, February 28th – end of Fiscal Year

Friday, March 5th – Annual Report Write-up Due for Annual Report

Friday, March 12th – my edited comments (on Annual report) returned to you

Monday, March 30th – your final editions to Annual Report

Thursday, April 8th – completed slide deck due to Sandy

Friday, April 9th – practice for Advisors' Meeting presentation

Friday, April 9th – reconciliation of charts / tables due; Annual Report complete

Thursday, April 15th – Advisors' Meeting Dinner (Mandatory)

Friday, April 16th – Advisors' Meeting (Mandatory)

McCombs Classroom Professionalism Policy

MY COMMENTS ABOUT THE PROFESSIONALISM POLICY: I will expect you to comply with the Professionalism Policy and you should expect me to comply with it. I firmly believe that professional behavior (being on time, staying for the full class, no laptops) is crucial to a culture of learning. Additionally, this simple professionalism will do nothing to stop us from laughing in class and enjoying the learning process.

The Policy:

The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Texas MBA experience hinges on this.

Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects.

The Texas MBA classroom experience is enhanced when:

- **Students arrive on time.** On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- **Students display their name cards.** This permits fellow students and faculty to learn names, enhancing opportunities for community building and evaluation of in-class contributions.
- **Students minimize unscheduled personal breaks.** The learning environment improves when disruptions are limited.
- **Students are fully prepared for each class.** Much of the learning in the Texas MBA program takes place during classroom discussions. When students are not prepared they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- **Students attend the class section to which they are registered.** Learning is enhanced when class sizes are optimized. Limits are set to ensure a quality experience. When section hopping takes place some classes become too large and it becomes difficult to contribute. When they are too small, the breadth of experience and opinion suffers.
- **Students respect the views and opinions of their colleagues.** Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- **Laptops are closed and put away.** When students are surfing the web, responding to e-mail, instant messaging each other, and otherwise not devoting their full attention to the topic at hand they are doing themselves and their peers a major disservice. Those around them face additional distraction. Fellow students cannot benefit from the insights of the students who are not engaged. Faculty office hours are spent going over class material with students who chose not to pay attention, rather than truly adding value by helping students who want a better understanding of the material or want to explore the issues in more depth. Students with real needs may not be able to obtain adequate help if faculty time is spent repeating what was said in class. There are often cases where learning is enhanced by the use of laptops in class. Faculty will let you know when it is appropriate to use them. In such cases, professional behavior is exhibited when misuse does not take place.
- **Phones and wireless devices are turned off.** We've all heard the annoying ringing in the middle of a meeting. Not only is it not professional, it cuts off the flow of discussion when the search for the

offender begins. When a true need to communicate with someone outside of class exists (e.g., for some medical need) please inform the professor prior to class.

Academic Dishonesty

I have no tolerance for acts of academic dishonesty. Such acts damage the reputation of the school and the degree and demean the honest efforts of the majority of students. The minimum penalty for an act of academic dishonesty will be a zero for that assignment or exam.

The responsibilities for both students and faculty with regard to the Honor System are described on <http://mba.mcombs.utexas.edu/students/academics/honor/index.asp> and on the final pages of this syllabus. As the instructor for this course, I agree to observe all the faculty responsibilities described therein. During Orientation, you signed the Honor Code Pledge. In doing so, you agreed to observe all of the student responsibilities of the Honor Code. If the application of the Honor System to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification.

As specific guidance for this course, you should not try to seek guidance about exams or types of questions from students who have previously taken this class. You should not do anything to aid future students in the testing process. Helping fellow students learn is an important part of our culture. I believe that it is easy to distinguish the attempt to help someone learn as opposed to the attempt to pass on information about exams.

Honor Code Purpose

Academic honor, trust and integrity are fundamental to The University of Texas at Austin McCombs School of Business community. They contribute directly to the quality of your education and reach far beyond the campus to your overall standing within the business community. The University of Texas at Austin McCombs School of Business Honor System promotes academic honor, trust and integrity throughout the Graduate School of Business. The Honor System relies upon The University of Texas Student Standards of Conduct (Chapter 11 of the Institutional Rules on Student Service and Activities) for enforcement, but promotes ideals that are higher than merely enforceable standards. Every student is responsible for understanding and abiding by the provisions of the Honor System and the University of Texas Student Standards of Conduct. The University expects all students to obey the law, show respect for other members of the university community, perform contractual obligations, maintain absolute integrity and the highest standard of individual honor in scholastic work, and observe the highest standards of conduct. Ignorance of the Honor System or The University of Texas Student Standards of Conduct is not an acceptable excuse for violations under any circumstances.

The effectiveness of the Honor System results solely from the wholehearted and uncompromising support of each member of the Graduate School of Business community. Each member must abide by the Honor System and must be intolerant of any violations. The system is only as effective as you make it.

Faculty Involvement in the Honor System

The University of Texas at Austin McCombs School of Business Faculty's commitment to the Honor System is critical to its success. It is imperative that faculty make their expectations clear to all students. They must also respond to accusations of cheating or other misconduct by students in a timely, discrete and fair manner. We urge faculty members to promote awareness of the importance of integrity through in-class discussions and assignments throughout the semester.

Expectations Under the Honor System

Standards

If a student is uncertain about the standards of conduct in a particular setting, he or she should ask the relevant faculty member for clarification to ensure his or her conduct falls within the expected scope of honor, trust and integrity as promoted by the Honor System. This applies to all tests, papers and group and individual work. Questions about appropriate behavior during the job search should be addressed to a professional member of the Career Services Office. Below are some of the specific examples of violations of the Honor System.

Lying

Lying is any deliberate attempt to deceive another by stating an untruth, or by any direct form of communication to include the telling of a partial truth. Lying includes the use or omission of any information with the intent to deceive or mislead. Examples of lying include, but are not limited to, providing a false excuse for why a test was missed or presenting false information to a recruiter.

Stealing

Stealing is wrongfully taking, obtaining, withholding, defacing or destroying any person's money, personal property, article or service, under any circumstances. Examples of stealing include, but are not limited to, removing course material from the library or hiding it from others, removing material from another person's mail folder, securing for one's self unattended items such as calculators, books, book bags or other personal property. Another form of stealing is the duplication of copyrighted material beyond the reasonable bounds of "fair use." Defacing (e.g., "marking up" or highlighting) library books is also considered stealing, because, through a willful act, the value of another's property is decreased. (See the appendix for a detailed explanation of "fair use.")

Cheating

Cheating is wrongfully and unfairly acting out of self-interest for personal gain by seeking or accepting an unauthorized advantage over one's peers. Examples include, but are not limited to, obtaining questions or answers to tests or quizzes, and getting assistance on case write-ups or other projects beyond what is authorized by the assigning instructor. It is also cheating to accept the benefit(s) of another person's theft(s) even if not actively sought. For instance, if

one continues to be attentive to an overhead conversation about a test or case write-up even if initial exposure to such information was accidental and beyond the control of the student in question, one is also cheating. If a student overhears a conversation or any information that any faculty member might reasonably wish to withhold from the student, the student should inform the faculty member(s) of the information and circumstance under which it was overheard.

Actions Required for Responding to Suspected and Known Violations

As stated, everyone must abide by the Honor System and be intolerant of violations. If you suspect a violation has occurred, you should first speak to the suspected violator in an attempt to determine if an infraction has taken place. If, after doing so, you still believe that a violation has occurred, you must tell the suspected violator that he or she must report himself or herself to the course professor or Associate Dean of the Graduate School of Business. If the individual fails to report himself or herself within 48 hours, it then becomes your obligation to report the infraction to the course professor or the Associate Dean of the Graduate School of Business. Remember that although you are not required by regulation to take any action, our Honor System is only as effective as you make it. If you remain silent when you suspect or know of a violation, you are approving of such dishonorable conduct as the community standard. You are thereby precipitating a repetition of such violations.

The Honor Pledge

The University of Texas at Austin McCombs School of Business requires each enrolled student to adopt the Honor System. The Honor Pledge best describes the conduct promoted by the Honor System. It is as follows:

"I affirm that I belong to the honorable community of The University of Texas at Austin Graduate School of Business. I will not lie, cheat or steal, nor will I tolerate those who do."

"I pledge my full support to the Honor System. I agree to be bound at all times by the Honor System and understand that any violation may result in my dismissal from the Graduate School of Business."

Students with Disabilities

Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Services for Students with Disabilities (SSD) is housed in the Office of the Dean of Students, located on the fourth floor of the Student Services Building. Information on how to register, downloadable forms, including guidelines for documentation, accommodation request letters, and releases of information are available online at <http://deanofstudents.utexas.edu/ssd/index.php>. Please do not hesitate to contact SSD at (512) 471-6259, 471-6441 TTY or via e-mail if you have any questions.