



FINANCE 397.6 – SPECIAL TOPICS IN INVESTMENTS
(04005)

FALL 2014

Professor	Sanford J Leeds
Office	GSB 5.164
Office Hours	Email and set up appointment
Phone	471-6830
E-Mail	sandy.leeds@mcombs.utexas.edu
Course Web Page	via Canvas
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 writing stock pitches and engaging with industry speakers.

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:

Written Stock Pitch	40%
Revised Stock Pitches	40%
Morning Meeting / Advisor Meeting	20%

Description of Requirements

Stock Pitch (40%)

While we normally write our stock pitches as a slide deck, this semester you will write one stock pitch in paragraph form. I will supply you with examples. Here are some important guidelines:

1. The pitch should be **10 – 20 pages, including exhibits**. As a general guide, ten pages would be relatively short and 20 pages would be relatively long. This 10 – 20 pages guideline does NOT include any old financial statements or an earnings model. In other words, think of the financial statements or earnings model as an appendix.
2. Charts and exhibits should be embedded within the document. (This is why the paper should be 10 – 20 pages.)
3. You are welcome to put supplemental information in an appendix. I will not look at that information unless I need it.
4. Remember that **you are making an argument!**
5. Be sure to **identify your sources** (for exhibits and charts).
6. **Never say “analysts expect”** or anything similar. You’re an analyst.
7. The best reports have a great table of contents and **aggressively use headings, bolding, underlining and italics to help the reader identify what is important**.
8. **Headings should make an assertion**. Don’t say things like “Background” or “Profits”. A heading should say something like “Profits Will Increase 15% Next Year.” That helps the reader to know what he is about to learn.
9. **Spell-check your paper**. Read your paper out loud. Everyone makes an occasional mistake, but it makes a terrible impression when several words are missing or spelled incorrectly.
10. Explain anything that needs explaining. Assume that you are writing for an Investment Committee and there will be members who lack expertise in your sector / industry.
11. **Keep paragraphs short**. Keep sentences short.
12. **Always lead with your conclusion and then prove it**. It is particularly compelling when you prove something with data. Don’t write a novel where I’m surprised by the conclusion.
13. **Provide detail**. I want to be convinced that you know the stock and have done all the work. That’s what convinces me to buy the stock.
14. **Creative research** (where you have an original idea) is the goal. Read what others say, but think for yourself. Talk to people. Be a detective.
15. Be sure to **fully address valuation**.
16. **Do not do a data dump**.
17. Make sure that your exhibits are large enough for a grumpy, old man to read.
18. Do not hesitate to come see me for help if you’re worried about how your pitch is turning out.

Another crucial point...it is imperative that you submit your paper on time. This is the only way that I can get them back to you so that you can revise them. Papers will start being due on November 3rd. One paper is due each day (five days per week) until I have them all. You should decide on the schedule based on who is done or near done.

Revised Stock Pitches (40%)

Each semester, this class has a large project. In the past, it was an industry report. This semester, we have one main focus: to re-position the portfolio. We will have three goals:

1. To have only 50 – 75 stocks in each portfolio
2. To change our stock pitches to a format that will allow future classes to easily get up to speed on existing names and decide whether they want to hold those positions
3. To have a written strategy for each sector within each fund

We need to decide what we want our portfolio to look like. In addition, we will agree on the format of our pitches. From there, each of you will put together six revised stock pitches. These six will include your two spring pitches and your two fall pitches. (You will need to take your long written pitch from this semester and turn it into this new form). The remaining two pitches will be stocks that we already own (and want to continue holding). We should be writing our pitches with a 3 – 5 year holding period as a goal. Four of these pitches will involve stocks that we already own – they do not need to be presented to advisors. **Two are due on September 30th, another two on October 31st and the final two on November 30th.**

Advisor Meeting (20%)

You will be judged on your participation in your group's pitch. This includes the work in putting the pitch together, presenting and answering questions. Not everyone needs to speak during the actual meeting. In addition, you will be evaluated on your performance questioning other groups. In other words, this is a team and we need everyone to participate fully.

Class Meetings

I have put our tentative class schedule below. **Please realize that this can change.** It's possible that we could have additional speakers or that there will be a need for us to meet about something else.

Also, please note that I have scheduled a meeting right after the Advisor Meeting. It's important to review after the meeting in order to maximize the learning. I'm happy to move that

meeting to the following Tuesday night (normal class time) if you would prefer that. But, I figure that this will probably only take 45 minutes and we can be done.

Important Dates for the Year

Staley Cates – TBD

Wednesday, August 27th – First Class (5 PM – 7 PM)

Tuesday, September 2nd -- Class

Wednesday, September 3rd – Fund Informational Meeting – Mandatory

Tuesday, September 9th – Brian Bares Speaks

Tuesday, September 16th – Mike Dewey

Wednesday, Sep. 17th – one pitch

Thursday, Sep. 18th – one pitch

Friday, September 19th – one pitch

Monday, September 22nd – one pitch

Tuesday, September 23rd – second pitch

Wednesday, September 24th – second pitch

Thursday, September 25th – second pitch

Friday, September 26th – second pitch

Monday, September 29th – First Year Applications Due

Thursday, October 2nd – Dinner – Advisors' Meeting (Mandatory)

Friday, October 3rd – Advisors' Meeting (Mandatory)

Friday, October 3rd – Advisors' Meeting Review (Mandatory)

Tuesday, October 7th – Class to Discuss Selection Process

Thursday, October 16th – Stock Pitch Competition

October 20th – October 23rd – First Year Interviews

November 3rd – 17th – Stock Pitches Due (one per day, Monday – Sunday)

Tuesday, November 4th – Phil Ferguson speaks

Tuesday, December 2nd – Class (evaluations; prep for final semester)

Monday, February 28th – end of Fiscal Year

TBD – Spring Advisors' Meeting Dinner (Mandatory)

TBD – Spring 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.