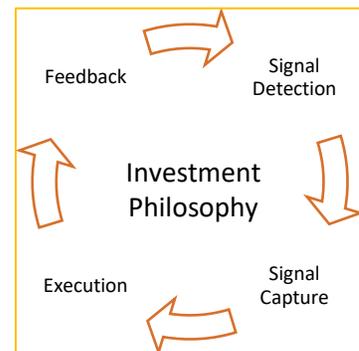


SPRING SEMESTER, 2021

Lecturer	Gregory A. Alves	GSB 4.126G <a href="mailto:greg.alves@mcombs.utexas.edu">greg.alves@mcombs.utexas.edu</a>
Office Hours	By Appointment Only	
Room   Time	Online   11:00 a.m. - 12:30 p.m.	
Course Web Page	Via Canvas	

## Course Objectives

This course is designed exclusively for MBA students accepted as analysts to assist in the management of portfolios under the care of Texas McCombs Investment Advisors, LLC (hereafter, TMIA). These students are responsible for the active management of various portfolios managed by TMIA. This course will explore a step-by-step approach to instill best practices consistent with active money management. Successful completion of the course provides students with comprehensive knowledge of the subject and a set of tools designed to assist them in the investment decision-making process at the portfolio manager level.



## Prerequisites

You must be a student manager of TMIA and are enrolled in 397.1, Investment Theory & Practice for the spring semester.

## Text and Materials

### Required Textbook:

Stewart, Piro, & Heisler, *Portfolio Management: Theory & Practice*, 2019, John Wiley & Sons, Inc., ISBN 9781119397410.

Damodaran, Aswath, *Investment Valuation: Tools and Techniques for Determining the Value of any Asset*, University Edition, 3rd Edition, 2012, ISBN: 978-1-118-13073-5

### Lecture Notes:

Lecture notes will be made available online through UT Canvas. Lecture notes are meant as an outline to reduce the amount of note copying of definitions and formulas but certainly not as a self-contained lecture summary. Reading the lecture notes without attending class will most likely be of little benefit. Class sessions will be recorded and posted to Canvas once processed.

**Additional Readings & Spreadsheets:**

From time-to-time additional readings as well as spreadsheets containing various computations related to subject material discussed in class will be posted to Canvas. I will announce such postings in class.

**Strongly Recommended Periodicals:**

Financial Journals such as The Journal of Portfolio Management, The Journal of Finance, etc. in addition to Bloomberg.com, Wall Street Journal, Financial Times, The Economist, or some other Financial News source.

**Course Requirements and Grading**

Advisor Meeting (50%), Individual Stock Pitch (40%), Homework (10%)

Letter grades for the course will be based on the student's ranking in the course relative to other students. The outcome will be consistent with grading policy as established by the MBA Program Office. The objective grade distribution is expressed below:

A (4.00): 25% | A- (3.67): 20% | B+ (3.33): 15% | B (3.00): 35% | B- or below (2.67): 5%

There is no opportunity in this course to do "extra credit" work. Your grade will be determined solely by the components listed above.

A student that misses more than three lectures will not be eligible for any applied curve. Attendance is required and exceptions are granted only in those cases where the individual follows the guidelines for "Religious Holy Days."

Please review this schedule carefully as you are committing to these dates and times. Also note that because of the unique circumstances related to TMIA, the schedule may be added to or indeed change although an effort will be made to keep such changes to a minimum. It will be your responsibility to accommodate once the semester begins. You will note that class participation is not listed in the grading rubric. This is to highlight that your participation is expected. Further, your participation in the spring advisor meeting is required. This includes your attendance and contribution during each preparation session for the spring advisor meeting. If you do not assist your colleagues, miss advisor preparation sessions, or do not contribute generally, I will deduct points from your score at my discretion, or in severe cases, you may be terminated from TMIA, and thus, must drop the course. Please review the section below labeled "Class Participation" for further details.

**Homework**

Listed in this syllabus are several homework assignments designed to demonstrate your comprehension of the material presented in class and in the assigned readings. The homework will also give you the opportunity to practice your newly acquired knowledge. Completion of these homework assignments will also assist you in the management of our portfolios. Without the corresponding lectures, it will be exceedingly difficult if not impossible to complete the spreadsheet assignment. Your name, homework assignment number, and date will already be

included in any Excel homework provided to you. Homework is due on Fridays at 5:00 p.m. following our Thursday lecture. I will not accept late homework except in those cases described under the “Religious Holy Days” section of this syllabus. You must complete the homework using the predesigned worksheet or worksheets contained in the Excel file that I will provide to you via e-mail. Any graphs contained in the file will automatically be populated for your learning convenience. All areas of the worksheet(s) will be protected except those that require your input. On those assignments where Solver is required, I will provide you with a password to unprotect the sheet as Solver will not operate on a protected worksheet.

The file will also have a unique name. DO NOT CHANGE THE FILE NAME. Please attach your file to an email and send to my address: [Greg.Alves@mcombs.utexas.edu](mailto:Greg.Alves@mcombs.utexas.edu). Again, any homework Excel files sent must reach me at or before the time and date the homework is due. If it becomes obvious to you that your work will not be completed by the due date, please send me your partially completed effort. This will allow you to obtain at least partial credit for those entries you may have answered correctly. Homework received late or not at all will receive a score of zero.

### Individual Stock Pitch

The final hard copy individual pitch is due on Sunday, March 28<sup>th</sup>. You will analyze a stock of your choosing and construct a stock pitch in slide deck format containing between twenty-five to forty slides. In addition to the hard copy, you will email the electronic version as well as your spreadsheet containing the financial analysis. You will provide a narrative that corresponds to each slide in your deck. Generally, the narrative is between three and five pages of written work (see details below).

You will present your findings to your team counselor for final investment consideration for the portfolio. Below are some point guides to assist you through this effort:

- Guidelines for the number of written pages referenced above does NOT include any financial statements or an earnings model, etc. Financial statements or earnings model would be in support of your written work as an appendix.
- Charts and exhibits should be embedded within the document, but again, not a substitute for written work.
- I will generally look at the appendix when required or is used in support of your conclusion, therefore, you should consider its effectiveness carefully – do not simply stuff information in an appendix for the appearance of volume, which does not necessarily translate into an effective paper.
- Remember that you are making an argument!
- Be sure to identify your sources (for outside exhibits and charts that you did not create or for which you did not have the data).
- Never say “analysts expect” or anything similar. You are the analyst.
- The best reports have a great table of contents and rely on the use of headings, bolding, underlining and italics to help the reader identify what is important.
- Headings should make an assertion. Do not say things like “Background” or “Profits”. A heading should say something like “Profits Will Increase 15% Next Year.” The section under the heading should be of one logical block rather than a collection of different ideas.

- Your word processor comes with spellcheck and a grammar tool – use them both.
- Make sure to address items that need explaining. Assume that you are writing for an Investment Committee and there will be members who lack expertise in your coverage sector.
- Your paper should read fast and make an immediate impact on the reader. This is achieved with short sentences and brief but relevant paragraphs.
- Always prepare a thesis and remind the reader with your conclusion. All content in between should be in support of your thesis. It is particularly compelling when you prove something with data.
- Provide relevant detail. I want to be convinced that you know the stock and have done all the work. That is what convinces me to buy the stock.
- Your work must contain your own unique interpretation of the facts and the conclusion. Convince me the stock is a “buy” or “sell.”
- Your valuation must be complete.
- Do not do a data dump. Tables should exhibit information that is relevant and concise with multiples tied to underlying, rather than a broad set of metrics, for example.
- Make sure your work uses 12-point font.
- Please see me for thoughts if you run into difficulties.

### **Class Participation**

Students are expected to attend every scheduled online classes and act in a professional manner. Distractions such as mobile phones, and other electronic devices are not permitted during class because the resulting distraction impacts everyone in the class including me. From time to time, I may ask you to open software such as Excel to solve problems real time, but this is the only time you are allowed these activities during class. Class participation consists of positive and constructive comments, questions, remarks, and answers in class. I expect you to come to class on time, fully prepared, and ready to participate in the discussion.

Effective contribution means participating such that your answer or question moves our analysis and understanding forward. I routinely cold call, hence, the “fully prepared” requirement. Be aware of your questions, that is, ensure they are specific to the material discussed and will contribute value as a learning aid to the other students. Topics unique to your interests should be reserved for my office hours or an email so as not to interfere with the flow of the class or consume unnecessary time. I am interested in what you have to say and enjoy these conversations but please reserve those questions for me in my office or an email.

### **Calculator**

Each student is required to have a calculator handy. At a minimum, the calculator must have  $\ln$ ,  $e^x$ , and  $y^x$ , buttons. Although a business calculator is not required for the course, I strongly encourage its use as it will be helpful for this as well as future course work in finance, accounting, and other business disciplines.

A student business calculator (such as HP 10bII, TI BAII Plus or calculators with similar capabilities) should be adequate for all business courses. Because of the variety of calculators used, students will be expected to learn how to use their calculators on their own.

## Email

The professor will respond to emails about course material or assignments. Response times may be slower on weekends so please plan carefully. To incentivize studying and working on assignments in a timely manner, we can only guarantee a timely response to emails if they are received by 5PM the day before a given deadline.

## Advisor Preparation Sessions

Prior to the spring advisor meeting, we will prepare to present our group stock pitches, which should already be in a state of completion and ready for review. You must have your group stock pitch prepared prior to these meetings. The meetings serve to finalize the pitch. Basically, you will provide a PDF or Word file containing your pitch deck to me, Prof. Sialm, and all your colleagues at least one full day prior to your preparation day. This gives me, Prof. Sialm, and your colleagues time to review the stock. Then you will deliver your pitch as though you were in front of the advisors to Texas McCombs Investment Advisors, LLC.

## Course Policies

Fairness to Students: I strive to treat students with dignity and fairness. This does not mean that I will agree with your ideas. If you feel that I have been unfair in any way, please let me know.

Readings: Readings should be done in advance of the class in which material will be discussed. The outline below will advise of the relevant topic of discussion. In addition to the textbook, I will occasionally assign additional readings, which are also mandatory.

Electronic devices: Cell phones, tablets, etc. are not allowed in class because they distract you, your neighbors, and me. Please put away and silence all devices before class starts. Occasionally I will request that you open your notebooks and participate with me to solve a difficult problem in class. Therefore, please bring your notebook computer, recognizing that its use is allowed only when instructed.

Grading: There are no verbal appeals of grade changes. You should submit a written statement explaining the problem within one week of receiving your grade and I will be happy to re-grade an assignment should your appeal correctly identify an error. The assignment will be re-graded, and the score may increase, remain the same, or decrease.

Academic Honesty: I take academic honesty very seriously. I expect you to adhere to The McCombs Code of Ethics and to comply with collaboration restrictions noted in the syllabus and on assignments throughout the semester.

Recruiting Conflicts: Conflicts occasionally arise between classes and the search for employment. We understand how important the job search process is to you, and McCombs provides many resources in support of career exploration and search. However, UT is first and foremost an educational institution and your MBA degree will be the credential that certifies your education.

As such, education will take precedent whenever such a conflict arises. All companies recruiting at McCombs are informed of this fact.

For Finance 397.2, you will not be excused from any assignment or the advisor presentation due to a recruiting conflict. If you choose to miss a lecture for recruiting, inform your Professor well in advance and be sure to catch up on the material you miss. Catching up on material you miss is solely your responsibility. Remember the three-absence rule discussed under the *Course Requirements and Grading* above.

### Summary of Deadlines

Sunday	1/24/2020	5:00PM	Homework 1 Due
Sunday	1/31/2020	5:00PM	Homework 2 Due
Sunday	2/7/2020	5:00PM	Homework 3 Due
Sunday	2/14/2020	5:00PM	Homework 4 Due
Sunday	2/21/2020	5:00PM	Homework 5 Due
Sunday	2/28/2020	5:00PM	Homework 6 Due
Sunday	3/7/2020	5:00PM	Homework 7 Due
Sunday	3/14/2020	5:00PM	Homework 8 Due
Sunday	3/28/2020	5:00PM	Homework 9 Due
<b>Sunday</b>	<b>3/28/2020</b>	<b>5:00PM</b>	<b>Individual Stock Pitch Due</b>
Sunday	4/4/2020	5:00PM	Homework 10 Due
Tuesday	4/6/2020	11:00AM	Advisor Prep Teams 1 & 2   Round 1
Thursday	4/8/2020	11:00AM	Advisor Prep Teams 3 & 4   Round 1
Tuesday	4/13/2020	11:00AM	Advisor Prep Teams 1 & 2   Round 2
Thursday	4/15/2020	11:00AM	Advisor Prep Teams 3 & 4   Round 2
Tuesday	4/20/2020	11:00AM	Advisor Prep: Finalizing Presentations
Thursday	4/22/2020	11:00AM	Advisor Prep: Finalizing Presentations
<b>Friday</b>	<b>4/23/2020</b>	<b>8:00AM</b>	<b>Advisor Meeting</b>
Sunday	5/2/2020	5:00PM	Homework 11 Due

*Intentionally Left Blank*

### Tentative Class Schedule

Readings correspond to two textbooks: 1) Labeled “PM” - Stewart, Piro, & Heisler, *Portfolio Management: Theory & Practice*; and 2) Labeled “IV” - Damodaran, Aswath, *Investment Valuation: Tools and Techniques for Determining the Value of any Asset*. Readings are to be read ahead of class. Changes to the schedule will be announced via Canvas.

Week	Tuesday	Thursday
1	January 19 <b><u>The Investment Management Process &amp; the Wells Fargo Approach</u></b> PM CH 6, All Appendices in PM CH 3	January 21 <b><u>Equity Portfolio Management</u></b> PM CH 7, 8 <i>Homework 1 Due on Sunday 1/24</i>
2	January 26 <b><u>Portfolio Management Through Time</u></b> PM CH 12 Examining Portfolio Constraints for UTIMCO & The Endowment	January 28 <b><u>Performance Measurement &amp; Attribution</u></b> PM CH 13 <i>Homework 2 Due on Sunday 1/31</i>
3	February 2 <b><u>Riskless Rates and Risk Premiums</u></b> IV CH 7	February 4 <b><u>Estimating Risk Parameters and Costs of Financing</u></b> IV CH 8 <i>Homework 3 Due on Sunday 2/7</i>
4	February 9 <b><u>Measuring Earnings</u></b> IV CH 9	February 11 <b><u>From Earnings to Cash Flows</u></b> IV CH 10 <i>Homework 4 Due on Sunday 2/14</i>
5	February 16 <b><u>Estimating Growth</u></b> IV CH 11	February 18 <b><u>Closure in Valuation: Estimating Terminal Value</u></b> IV CH 12 <i>Homework 5 Due on Sunday 2/21</i>
6	February 23 <b><u>Dividend Discount Models</u></b> IV CH 13	February 25 <b><u>Free Cash Flow to Equity Discount Models</u></b> IV CH 14 <i>Homework 6 Due on Sunday 2/28</i>
7	March 2 <b><u>Asset Allocation Inputs</u></b> PM CH 4 pp. 117 – 131 up to Implied Views, and pp. 141 (Mixed Estimation) – EOC	March 4 <b><u>Asset Allocation Inputs</u></b> PM CH 4 pp. 131 (Implied Views) – 141 up to Mixed Estimation, CH 4 Appendix: Mixed Estimation with Multiple Assets <i>Homework 7 Due on Sunday 3/7</i>
8	March 9 <b><u>Index Models</u></b> Readings TBA	March 11 <b><u>Index Models</u></b> Readings TBA <i>Homework 8 Due on Sunday 3/14</i>
9	March 16 <b>Spring Break</b>	March 18 <sup>th</sup> <b>Spring Break</b>

Week	Tuesday	Thursday
10	March 23 <sup>th</sup> <b><u>A Multi-Factor Return Model</u></b> Readings TBA	March 25 <b><u>Asset Allocation: The Mean-Variance Framework</u></b> PM CH 3 <i>Individual Stock Pitch Due Sunday 3/28</i> <i>Homework 9 Due on Sunday 3/28</i>
11	March 30 <b><u>Advanced Topics in Asset Allocation</u></b> PM CH 5 pp. 161 – 192 up to section 5.4 Simulation	April 1 <b><u>Advanced Topics in Asset Allocation</u></b> PM CH 5 pp. 192 (Section 5.4) – EOC <i>Homework 10 Due on Sunday 4/4</i>
12	April 6 <b><u>Advisor Preparation</u></b> Teams 1 and 2 Round 1	April 8 <b><u>Advisor Preparation</u></b> Teams 3 and 4 Round 1
13	April 13 <b><u>Advisor Preparation</u></b> Teams 1 and 2 Round 2	April 15 <b><u>Advisor Preparation</u></b> Teams 3 and 4 Round 2
14	April 20 <b><u>Advisor Preparation</u></b> Finalizing Preparations: All Teams	April 22 <b><u>Advisor Preparation</u></b> Finalizing Preparations: All Teams <i>Advisor Meeting held Friday, beginning at 9:00 a.m.</i>
15	April 27 <b><u>Fixed Income</u></b> PM CH 9	April 29 <b><u>Fixed Income</u></b> PM CH 9 <i>Homework 11 Due on Sunday 5/2</i>
16	May 4 <b><u>Alternative Investment Classes</u></b> PM CH 11	May 6 <b><u>Managing Client Relations</u></b> PM CH 16

*Intentionally Left Blank*

## **CFA Society of Austin**

If you will be pursuing a career in the investment management industry, I would ask that you consider the student membership opportunity provided by the CFA Society of Austin. I am not a Charterholder and it is not a requirement for success in the industry, however, I am a member of the Society myself and have benefited greatly from the experience. You will have to decide for yourself how the CFA designation might affect your career.

At a minimum, student membership reflects your commitment to the field and an acknowledgement of your pledge to uphold the highest level of ethical standards in the industry. You can review details regarding student membership on their website. A factsheet lists the opportunity in some detail at the following web address:

<http://www.cfaaustin.org/student-membership-fact-sheet/>

A student application form can be found at the following link:

<http://www.cfaaustin.org/wp-content/uploads/2013/02/CFA-Austin-Student-Membership-Application.docx>

## **Getting Help with Zoom**

Students needing help with Zoom should refer to the McCombs Student Instructional Wiki for a set of comprehensive instructions. All McCombs Canvas course pages have this link on the left menu bar for quick and easy reference.

### **UT Zoom Account**

All students must use a UT Zoom account to participate in classes, office hours, and any UT affiliated events. For detailed instructions on how to sign up for a UT Zoom account, see Getting Started with Zoom. You will be denied access to Zoom sessions if you attempt to access without a valid UT account.

### **Joining a Class or Office Hours in Zoom**

The preferred method of joining a class or office hours is through Canvas. Students must log into their Canvas course site and click on Zoom on the left menu bar to locate links to join the class in Zoom in the calendar on Canvas. Zoom links for a class or office hours may also be emailed by the instructor. Regardless, students must use their UT Zoom account to participate. For more information, see How to Join Class or Office Hours.

### **Zoom Etiquette**

Because there will be so many people on these Zoom meetings, here are some best practices for making sure we are working together to create an efficient, effective, respectful, and ultimately enjoyable classroom!

- Always keep your video on during class.
- Be mindful of your surroundings when on camera to minimize distractions.

- Avoid display of inappropriate materials or expressions, either visual, textual, or otherwise. Such displays may be subject to disciplinary action.
- Turn your camera off when leaving the meeting temporarily and use the away feedback icon.
- Include a professional photo of yourself for your Zoom profile picture. This photo will be visible during class sessions when your video is turned off.
- Mute yourself unless you are speaking. This will reduce background or feedback noise and limit distractions.
- Pose questions or comments by using the “raise” your hand feature or typing in the chat window. Try to keep questions and comments brief, especially in large classes.
- Turn off your video if the video or audio is choppy. After the class or meeting, try these Internet Connection Tips.
- Use the most reliable WIFI you can access. If you are experiencing problems with your internet connection, here are some Internet Connection Tips.
- For more information, please see Zoom Etiquette.

### **Class Recording Privacy**

Class recordings are reserved only for the use of members of this class (students, TAs, and the instructor) and only for educational purposes. Recordings should not be shared outside the class or posted in any form. Violation of this restriction could lead to Student Misconduct proceedings. For more information, please see FAQs on Student Confidentiality (FERPA) Issues Associated with Recordings.

### **Sharing of Course Materials is Prohibited.**

No materials used in this class, including, but not limited to, lecture hand-outs, videos, assessments (quizzes, exams, papers, projects, homework assignments), in-class materials, review sheets, and additional problem sets, may be shared online or with anyone outside of the class without explicit, written permission of the instructor. Unauthorized sharing of materials promotes cheating. It is a violation of the University’s Student Honor Code and an act of academic dishonesty. The University is well aware of the sites used for sharing materials, and any materials found on such sites that are associated with a specific student, or any suspected unauthorized sharing of materials, will be reported to Student Conduct and Academic Integrity in the Office of the Dean of Students. These reports can result in sanctions, including failure of the course.

## **Important Notifications**

### **Students with Disabilities**

Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259.

<https://diversity.utexas.edu/disability/>

**Religious Holy Days**

By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

**Policy on Scholastic 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 most students. The minimum penalty for an act of academic dishonesty will be a zero for the assignment. The responsibilities for both students and faculty regarding the *Honor System* are described on the final pages of this syllabus. As the instructor for this course, I agree to observe all the faculty responsibilities described therein. As a Texas MBA student, you agree to observe all 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. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Conduct and Academic Integrity website at <http://deanofstudents.utexas.edu/conduct/> to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

**Campus Safety**

Please note the following recommendations regarding emergency evacuation, provided by the Office of Campus Safety and Security, 512-471-5767, <https://preparedness.utexas.edu/>:

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform the instructor in writing during the first week of class.
- In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.

Behavior Concerns Advice Line (BCAL): 512-232-5050 or [on-line](#).

In case of emergency, further information will be available at:

<http://www.utexas.edu/emergency>.

**Diversity and Inclusion**

It is my intent that students from all diverse backgrounds and perspectives will be well served by this course, that students' learning needs will be addressed and that the diversity that students bring to this class can be comfortably expressed and be viewed as a resource, strength and benefit. Please let me know right away if this ever is not the case.

### **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 McCombs 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 Management 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 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 McCombs 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 McCombs 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 McCombs School of Business."