

Foster School of Business

Foster Research Partners

2020

Analysis Plan/Syllabus

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Meeting Time: TBA

Room: TBA

Objectives: The objectives of this plan are:

- 1) To create a framework for producing high quality analysis that can be easily disseminated to our stakeholders.
- 2) To assist fund participants in meeting our overall objective of profitably investing the funds at our disposal by minimizing the potential for conflict and reducing time spent on tasks that do not immediately relate to analysis.
- 3) Create a clearly defined work load that is consistent from week to week

Overview: The Student Investment Fund is designed to give Foster MBAs the opportunity to participate in running an investment fund. This is not a simulation or classroom exercise. MBA alumni have donated \$500,000 to the Foster School via the UW Investment Office that the Fund can invest. Our financial goal is to invest the money to achieve a superior rate of return using a well-guided investment strategy, while maintaining adequate diversification to mitigate risk and preserve capital. Our pedagogical goal is for students to have an excellent experience where they learn to do quality analysis that will be useful for them in their career, even if their career is not as an equity analyst. In order to accomplish these goals, we must learn to conduct the top quality analysis necessary to make profitable investment decisions. As this is a student fund, we are also tasked with building the fund structures and processes that will allow us to produce this analysis. **This being the case, you should not expect that we will be making any trades until such time as we have fully developed our analysis capability.** We may trade this year, but the quality of our analysis will determine our trading activity, not the other way around. In the process, you will have the unparalleled opportunity to manage real money, to meet and interface with real investment professionals, and develop analytical skills that will be extremely valuable in whatever your future business career. We are looking forward to an exciting, fun and educational year. Welcome aboard!

The Fund is structured as a class, BECON 560. BECON 560 will be 2 credits per quarter for Autumn and Winter and 2 credits for Spring quarter, for a total of 6 credits. Students will also satisfy one of their three practical experience requirements necessary to complete a Foster MBA **if** they successful complete all three quarters. I expect that students will attend all class sessions. Any student that cannot meet that time requirement every week should come and see me immediately. If we cannot work out a solution, the student will have to drop the class.

It is important to keep in mind that this is a class, NOT a club or extracurricular activity. As such, we will treat the work and any instructions from me as seriously we would in any other class. The deliverables are assignments, not requests. They must be turned in by the due date. No late work will be accepted without prior permission from me. I do not intend to do the analysis for the students nor do I intend to tell the students what investments to recommend. However, I have a responsibility to the University, the Foster School and our alumni to insure that the analysis process is run smoothly, that fund policies and procedures are fair and in keeping with UW rules and regulations and that the fund's investment judgments are sound. Thus, I will oversee the general direction of the analysis and the fund policies and procedures. I will exercise veto power over *all* fund decisions including, but not limited to, investment decisions, decisions on what to analyze and when, as well as personnel and policy decisions.

Grading: 100% of the course grade will be based on weekly assignments. Each week, each student will be assigned a 'deliverable'. The nature of the deliverable will vary based on the role the student plays in the running of the fund. The details of the deliverables can be found below. The preliminary weekly deliverable schedule can be found on the course Canvas site.

Student Roles and Responsibilities:

Fund participants will be organized into three groups of students, Portfolio Managers (PMs) and Junior Analysts (JAs). Second year students are eligible to be PMs. First year students are only eligible to be JAs. The PMs are responsible for directing the analysis that will be used to make our investment recommendations and for using the analysis to make those investment recommendations. As we develop actual trading ideas and form our portfolio, the duties of the PMs will change somewhat from their current role as they will also have overall responsibility for managing the portfolio. JAs are the first year students who are tasked with preparing primary research for the PMs to use to conduct their analysis.

Guidelines on the analysis process:

- Our key resource is EACH OTHER. We must COMMUNICATE ACTIVELY!!

We do NOT spend more than a couple of hours working on something without talking to other members of your team and your PM and asking "does what I am doing fit with the overall goal and what others on the team are doing"? This is to keep us from going off on tangents and hours on something the PMs have not asked for, don't need, don't want etc. PMs need to communicate with their teams several times per week to insure that issues are addressed and questions are answered before time is wasted, problems arise etc.

Fall Quarter Schedule:

Week 1: CARD construction, maintenance and review

Week 2: CARD construction, maintenance and review

Week 3: Value Proposition Analysis

Week 4: Value Proposition Analysis

Week 5: Revenue Forecasts

Week 6: Revenue Forecasts

Week 7: Revenue Forecasts

Week 8: Earnings Forecasts

Week 9: Earnings Forecasts

Week 10: Earnings Forecasts