Student Investment Roundtable
Finance 4390.001
Spring 2024

INSTRUCTOR: Samuel Kyle Jones, Ph.D., CFA
DEPARTMENT: Economics and Finance
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PHONE: 936-468-1442
OFFICE HOURS: MW 10am-Noon & 1-3pm, TR 1-3pm
EMAIL: sjones@sfasu.edu
TIME & LOCATION: TR 3:30-4:45, BUSI 115

Course Objective and Overview:
The class invests funds from the SFA Alumni Foundation and the SFA Foundation in a practical, hands-on course setting. Students taking this class will learn and experience financial decision-making from the real-world perspective of the institutional investor. The course is designed for students who are either pursuing careers in the investment field or who simply have a keen interest in learning more about investments. Students should have a basic understanding of accounting, corporate finance, economics, modern portfolio theory and statistics.

Course Structure:
In general, the class format will consist of class discussions and presentations. Most of the discussions will be conducted by students with the instructor taking the role of moderator /mentor rather than that of lecturer.

There are two main objectives of the class. The first is to expose students to the financial decision-making process used to manage the Mast Student Investment Roundtable Fund equity portfolio. The second is to maintain and grow the portfolio by making trade recommendations after thorough investment analysis using a top-down approach. This will consist of economic and industry analysis aimed at determining the optimal sector allocations, followed by company analysis with the intent of selecting the best individual stocks within each sector. Students will be assigned to sectors and will be responsible for researching and monitoring their sector and the companies in that sector, formalizing their research in the form of a sector report and a stock selection report, and presenting a summary of these reports to the class.

There are eleven sectors in the S&P 500. Each sector team is responsible for tracking trends, for making a sector outlook presentation and monitoring the current holdings. The sector teams are divided as follows:

- Consumer Discretionary
- Consumer Staples
- Energy
- Financials
- Health Care
- Real Estate
- Industrials
- Information Technology
- Materials
- Communication Services
- Utilities

Majority vote decides the sector and stock allocations in the portfolio with final decision residing with the professor.
Grading and Course Requirements:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Points</th>
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<tbody>
<tr>
<td>A</td>
<td>90-100%</td>
</tr>
<tr>
<td>B</td>
<td>80-89%</td>
</tr>
<tr>
<td>C</td>
<td>70-79%</td>
</tr>
<tr>
<td>D</td>
<td>60-69%</td>
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<tr>
<td>F</td>
<td>0-59%</td>
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- Individual Assignments
  1. (25%) Participation:
     a. Attribution – Be prepared to discuss the previous week’s market-related events as pertain to the overall market and economy, your sector, and the specific stocks that we currently hold in your sector. Of primary importance is the demonstration of ability to relate theory you learn in your business courses to actual practice.
     b. Class Discussion – Thursdays typically involve class discussions, presentations of your reports, and presentations by outside speakers.

- Sector Team Assignments
  2. (25%) Sector Report & Presentation: Submit a sector research report describing the characteristics of your sector, its outlook, and investment implications.
  3. (25%) Stock Selection Report & Presentation: Each sector group will present stock purchase recommendations. The presentation should include all information that is necessary to evaluate each stock. This should include, but not be limited to, analysts’ opinions, multiple valuations, fundamental analysis, and technical analysis.

- Class Assignment
  4. (5%) Allocation Decision Summary Report: The purpose of this report is to detail your (i.e. the class as a whole) reasoning behind the class sector allocation decision. This report should provide detail on macroeconomic and sector events, and how they impacted your decision making.
  5. (20%) Final Summary Report: This report will serve two functions. First, it will document what we did for the semester and why. Second, it will provide information for the next semester’s roundtable class.

Attendance
- Attendance is mandatory.
- University approved excuses must be conveyed to me before the planned absence. Such excuses are not to be abused.
- Medical excuses must be conveyed to me as soon as possible, and again are not to be abused.
- All other excuses are unexcused. Only one unexcused absence is allowed for the term. More than that will lead to a letter grade deduction for each additional absence.

Professionalism
- Come to class prepared in order to increase the chances of productive dialogue among members of the class.
- Be one time. Arriving late could be treated the same as an unexcused absence.
- Act professional. Lack of professional behavior will lead to a warning, after which continued issues may result in a letter grade deduction per episode.
- Produce quality work. Copying and reading a presentation is not acceptable. You are held to a higher standard than that. Poor quality work can lead to a grade reduction.
Performance Evaluations / Grading

- Periodically throughout the semester I will appraise you of your performance. This appraisal may be communicated via a variety of channels, from email, to evaluations posted in D2L, to verbal assessment of your work. Factors considered will be the quality of your work, having your work ready in a timely manner, actively participating in class, and attendance. Unlike other courses, you will not receive copy of your work with a grade attached. Instead, your performance appraisal will be more reflective of how you would be evaluated if this were a job and you were a financial analyst employed by Roundtable.

Course Schedule:

<table>
<thead>
<tr>
<th>Week</th>
<th>Dates</th>
<th>Tuesday</th>
<th>Thursday</th>
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<tbody>
<tr>
<td>1</td>
<td>Jan 18</td>
<td></td>
<td>Overview</td>
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<tr>
<td>2</td>
<td>Jan 23 – 25</td>
<td>Attribution Analysis</td>
<td>Class Discussion</td>
</tr>
<tr>
<td>3</td>
<td>Jan 30 – Feb 01</td>
<td>Attribution Analysis</td>
<td>Class Discussion</td>
</tr>
<tr>
<td>4</td>
<td>Feb 06 – 08</td>
<td>Attribution Analysis</td>
<td>Class Discussion</td>
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<td>5</td>
<td>Feb 13 – 15</td>
<td>Attribution Analysis</td>
<td>Class Discussion</td>
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<tr>
<td>6</td>
<td>Feb 20 – 22</td>
<td>Attribution Analysis</td>
<td>Class Discussion</td>
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<td></td>
<td>Sector Presentation Drafts Due</td>
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<tr>
<td>7</td>
<td>Feb 27 – 29</td>
<td>Attribution Analysis</td>
<td>Sector Presentations</td>
</tr>
<tr>
<td>8</td>
<td>Mar 05 – 07</td>
<td>Attribution Analysis</td>
<td>Sector Presentations</td>
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<tr>
<td>9</td>
<td>Mar 12 – 14</td>
<td>No Class – Spring Break</td>
<td>No Class – Spring Break</td>
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<tr>
<td>10</td>
<td>Mar 19 – 21</td>
<td>Attribution Analysis</td>
<td>Class Discussion</td>
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<tr>
<td>11</td>
<td>Mar 26 – 28</td>
<td>Attribution Analysis</td>
<td>No Class – Easter</td>
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<tr>
<td>12</td>
<td>Apr 02 – 04</td>
<td>Attribution Analysis</td>
<td>Class Discussion</td>
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<tr>
<td>13</td>
<td>Apr 09 – 11</td>
<td>Attribution Analysis</td>
<td>Class Discussion</td>
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<td></td>
<td>Stock Presentation Drafts Due</td>
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<tr>
<td>14</td>
<td>Apr 16 – 18</td>
<td>Stock Presentations</td>
<td>Stock Presentations</td>
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<td>15</td>
<td>Apr 23 – 25</td>
<td>Stock Presentations</td>
<td>Stock Presentations</td>
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<td>16</td>
<td>Apr 30 – May 02</td>
<td>Stock Presentations</td>
<td>Stock Presentations</td>
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<td>17</td>
<td>May 07- 09 (1:00-3:00pm)</td>
<td>No Class</td>
<td>TBD</td>
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<td>Final Report Due</td>
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University and College Policies:

Information on the following is available at Student Syllabus Resources:

- Institution Absences (HOP 04-110)
- Academic Integrity (HOP 04-106)
- Withheld Grades Semester Grades Policy (HOP policy 02-206)
- Students with Disabilities and Disability Services
- Student Wellness and Well-Being
- Additional Campus Resources
- Crisis Resources
Guidelines for Presentation – Required Items

**Sector Presentations**

- Sector Description
- Industry breakdown as % of sector
- Economic drivers and Business Cycle characteristics
- Relative Performance:
  - Compare your sector’s (1) growth and (2) profitability to that of the S&P500 over the past 10-20 years.
- Relative Valuation:
  - Cross-section = against other sectors and the S&P500 itself
  - Time-series = against your sectors history AND how your sector historically prices against the S&P500
- Technical Factors
  - Is there positive or negative Momentum and/or Relative Strength in your sector?
- Analyst’s forecasts
  - Of drivers that affect your sector
  - Of relative value of your sector
- Investment risks
- Your Opinion
  - Does the sector look over or undervalued (significantly so? Moderately so? Or by very little?)
  - Is it likely that any over or undervaluation will persist or correct itself in the near term?
  - Recommended weighting (as % over/underweight versus the benchmark)
  - Justification for your recommendation

**Stock Presentations**

- List of current stocks and proposed stocks
- Firm’s industry and strengths & challenges of that industry
- Valuation:
  - Multiples (time-series and cross-section, both against benchmark)
  - Discounted Cash Flow valuation (FactSet Target Price)
  - Technical analysis
- Analyst Opinions
- Company Opinions (Management Discussion and Analysis from 10K; Info from company announcements)
- Segment Analysis (revenues, operating profit, growth)
  - Product line: diverse or concentrated
- Competitive analysis
- Financial Ratio Analysis (example: debt to assets, liquidity ratios, ROE, etc..); Free Cash Flow analysis
- Credit Analysis
- Investment Risks
- Your Opinion