UNIVERSITY OF TULSA INVESTMENT PORTFOLIO CHALLENGE

OFFICIAL RULES
INVESTMENT PORTFOLIO CHALLENGE

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INVESTMENT PORTFOLIO CHALLENGE

1. INTRODUCTION AND GENERAL PROVISIONS

The UNIVERSITY OF TULSA INVESTMENT PORTFOLIO CHALLENGE charges university-sponsored teams with recommending an optimal weighting of Global Industry Classification Standard (“GICS”®) sectors and identifying up to three stocks in each sector for a hypothetical $5 million investment portfolio. The University of Tulsa’s Collins College of business hosts and administers the UNIVERSITY OF TULSA INVESTMENT PORTFOLIO CHALLENGE at the local level. Any questions or uncertainties pertaining to the Official Rules of the UNIVERSITY OF TULSA INVESTMENT PORTFOLIO CHALLENGE should be directed to tally-ferguson@utulsa.edu.

1.1 Conflicts of Interest and Insider Information
Students, Administrators, Faculty Advisors, Business Contacts and Industry Representatives involved with the UNIVERSITY OF TULSA INVESTMENT PORTFOLIO CHALLENGE, have an obligation to avoid actual or potential conflicts of interest. A conflict of interest is any matter that could reasonably be expected to impair an individual’s independence and objectivity or interfere with an individual’s duties. Conflicts may be actual or perceived.

As students research their project they may come in contact with material¹, non public² information. Acting on such information could lead to insider trading violations which violates SEC Rules 10b-5. Students, Faculty Advisors, and Business Contacts are advised to use and disseminate such information judiciously.

1.2 Plagiarism
Plagiarism is defined as copying or using in substantially the same form materials prepared by others without acknowledging the source of the material or identifying the author and publisher of such material. Teams can read existing research on the GICs sectors and individual companies, but all analysis should be their own; they may not copy analysis (i.e., plagiarize) from another source.

Teams also must not:

a. use excerpts from articles or reports prepared by others either verbatim or with only slight changes in wording without acknowledgment,

b. cite specific quotations as attributable to “leading analysts” and “investment experts” without naming the specific references,

¹ Using the CFA Institute definitions, “Information is “material” if its disclosure would probably have an impact on the price of a security or if reasonable investors would want to know the information before making an investment decision. In other words, information is material if it would significantly alter the total mix of information currently available about a security in such a way that the price of the security would be affected.

² Information is “nonpublic” until it has been disseminated or is available to the marketplace in general (as opposed to a select group of investors).
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c. present statistical estimates of forecasts prepared by others and identifying the sources but without including the qualifying statements or caveats that may have been used,
d. use charts and graphs without stating their sources, or
e. copy proprietary computerized spreadsheets or algorithms without seeking the cooperation or authorization of their creators.

1.3 Participant Information
By participating in the UNIVERSITY OF TULSA INVESTMENT PORTFOLIO CHALLENGE, each participant acknowledges that the University of Tulsa has access to and shares personal information of participants in the UNIVERSITY OF TULSA INVESTMENT PORTFOLIO CHALLENGE. Each participant agrees that the University of Tulsa shall have the right to use such individual’s name, voice, photograph, likeness, their appearance in any medium or forum anywhere in the world (including online) without further compensation, unless prohibited by law.

2. TEAMS

2.1 Team Composition and Member Requirements
Teams must be sponsored by a university invited by the University of Tulsa Collins College of Business. Up to two teams may represent a university.

Each team:
   a. Must consist of undergraduate, graduate, or a combination of undergraduate and graduate students.
   b. Must consist of no fewer than four and no more than six members.

Each team member must:
   a. complete the official registration form;
   b. be a currently enrolled college or university student in an undergraduate or graduate program at the sponsoring university time of the local level kickoff meeting and
   c. be registered for at least a part-time course load, as defined by his or her university, at the time of the local level kickoff meeting.

2.2 Research
Only team members may conduct research on the subject company for the purposes of the UNIVERSITY OF TULSA INVESTMENT PORTFOLIO CHALLENGE. Teams may use only publicly available information in conducting their research.\(^3\)

\(^3\) Consistent with CFA Institute standards, publicly available information includes:
1. information in company financial statements and press releases,
2. information in the media about the company and its competitors,
3. information produced by data aggregators for general use (e.g., Bloomberg, S&P Global, FactSet, etc.), and
4. Information provided by the subject company in the informational session and/or any permitted follow-up communication.
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a. Teams may use a Business Contact, and/or Faculty Advisor as resources but may not enlist the help of any Industry Representatives involved with this competition. They may consult industry experts and representatives at publicly held companies to gain insight into publicly available information to inform the teams’ recommendations.

b. The presentations should be prepared from the perspective of an independent research analyst.

c. Teams can read existing research on industries and their recommended companies, but all analysis should be their own. Specifically, do not copy analysis (i.e., plagiarize) from another source. Teams need to properly cite sourced information into their presentations.

2.3 Presentations

Each team will present their recommendations to a panel of Industry Representatives.

a. Presentations will be judged according to Appendix D, “Presentation Scoring Sheet.”

b. Teams may utilize their Business Contact, and/or Faculty Advisor as a resource for guidance, direction, suggestions, and feedback. Teams may not enlist the help of any Industry Representatives.

c. The teams may present the judges with printed materials before the presentations to supplement information presented. Examples could include financial summaries, equations, model results or other detail supporting recommendations.

d. Presentations must reference source information.

e. Only student team members may participate in the presentation.

f. The presentation is limited to 45 minutes; however, an additional 15 minutes will be provided to answer questions posed by the Industry Representatives, or the general audience including Faculty Advisors. Competing teams will not be permitted to pose questions to a team during the Q&A portion of a presentation.

g. Each presentation will be timed. The timekeeper will provide a one-minute warning and an announcement when time has expired during the presentation. The timekeeper will announce when time has expired during the question and answer period. When the timekeeper announces that time has expired, teams must immediately conclude.

3 COMPETITION PARTICIPANTS AND ROLES

3.1 Faculty Advisor

a. Each team may avail themselves of one faculty advisor. The faculty advisor must be currently employed as a faculty member by the team’s sponsoring university.

Publicly available information does not include:

5. information about the company that is (or should be) known only to staff or some staff employed by the company or firms with whom the company does business, and

6. information that is (or should be) known only to those involved in legal or regulatory proceedings involved with the company.
INVESTMENT PORTFOLIO CHALLENGE

b. The faculty advisor’s primary responsibility is to provide guidance and direction to the team during the competition.

c. Faculty Advisors are not permitted to conduct any analysis for the team’s presentation or supporting handouts. Nor may they contribute research or content to either the handouts or the presentation material beyond providing guidance, direction, suggestions, and feedback.

d. Faculty Advisors may not participate in the presentation. Faculty Advisors may ask questions during the competition presentations, but they may not ask questions of their own teams.

3.2 Business Contacts
Each team may avail themselves of any number of Business Contacts at their own discretion. These contacts can share expert knowledge about industries or companies to supplement the teams’ research.

a. The Business Contacts may not conduct any analysis for the team’s written report or presentation.

b. The Business Contacts may not contribute any research or content to either handouts or the presentation beyond providing guidance, direction, suggestions, and feedback.

c. Teams must cite any intelligence drawn from Business Contacts used in presentations or handouts.

3.3 Industry Representatives
Industry Representatives independently judge each presentation using the presentation scoring sheet (see Appendix B).

a. Industry Representatives represent industries with significant presence located within a 6 hour drive radius of Tulsa.

b. There will be a minimum of three judges per team presentation.

c. The judges will be invited by Collins College of Business staff.

4 COMPETITION LOGISTICS AND AWARDS

4.1 Schedule
Presentations will take place in two separate 90 minute sessions according to the following schedule:

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:30</td>
<td>introduction and orientation</td>
</tr>
<tr>
<td>9:00</td>
<td>11:30 morning sessions (2 groups)</td>
</tr>
<tr>
<td>11:30</td>
<td>1:30 Friends of Finance Industry Group lunch</td>
</tr>
<tr>
<td>2:15</td>
<td>4:30 pm afternoon sessions (2 groups)</td>
</tr>
<tr>
<td>4:30</td>
<td>6:00 happy hour/awards</td>
</tr>
</tbody>
</table>

a. If more than four teams participate, the Collins College of Business staff will arrange for additional presentation rooms to take place simultaneously.

4.2 Awards
Cash prizes will be awarded to the first and second place teams. The winning team award is $1,000, and the second place team award is $500.
Appendix A – Investment Portfolio Challenge Guidelines

Weighting Recommendation: Each team must make a weighting recommendation for each of the following eleven GICS sectors for a $5 million equity portfolio. Weighting recommendations can be as basic as “over”, “under”, or “market” weight. They can simply state the target percentage weight, or they can be as complicated as an optimization formula based on readily available market information. Assume a medium term, 1-2 year, holding period.

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>S&amp;P weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Energy</td>
<td>5.4%</td>
</tr>
<tr>
<td>15</td>
<td>Materials</td>
<td>2.7%</td>
</tr>
<tr>
<td>20</td>
<td>Industrials</td>
<td>9.5%</td>
</tr>
<tr>
<td>25</td>
<td>Consumer Discretionary</td>
<td>10.1%</td>
</tr>
<tr>
<td>30</td>
<td>Consumer Staples</td>
<td>7.3%</td>
</tr>
<tr>
<td>35</td>
<td>Health Care</td>
<td>14.6%</td>
</tr>
<tr>
<td>40</td>
<td>Financials</td>
<td>12.7%</td>
</tr>
<tr>
<td>45</td>
<td>Information Technology</td>
<td>21.2%</td>
</tr>
<tr>
<td>50</td>
<td>Communication Services</td>
<td>10.1%</td>
</tr>
<tr>
<td>55</td>
<td>Utilities</td>
<td>3.3%</td>
</tr>
<tr>
<td>60</td>
<td>Real Estate</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

For each of the eleven sectors, teams must:
1. Describe the sector and the industries that compose the sector. Explain:
   a. what goods and/or services they produce,
   b. what/who buys their goods and services,
   c. what/who supplies the industries
2. Report the total return of the sector over the current year to date, and previous 1, 3 and 5 years relative to S&P 500 index
3. Forecast revenue growth, quantitatively, qualitatively or both
4. Describe critical issues, business challenges and trends, and industry opportunities.
   a. Add a competitive analysis, such as Porter’s 5 forces
   b. Summarize sector strengths and weaknesses
5. Recommend a weighting for each sector relative to the S&P 500 weighting
   a. Provide qualitative support for your recommendation including how economic and industry trends portend growth for the industry
   b. Describe quantitative methods used to support your weighting recommendation

Target Security(ies) Recommendation; Each team must recommend at least one but no more than three stocks within each sector for the hypothetical fund to purchase.

1. Explain how you selected your recommended stocks. For example, if you used a screener, what criteria
INVESTMENT PORTFOLIO CHALLENGE

and filters did you use and why.

2. For each stock recommended:
   a. Explain which industry of the sector it represents
   b. Show how the stock exhibits the strength of the sector identified in part one of the analysis or combats weaknesses in the sector
   c. Offer an investment thesis for the stock(s): is the company in a growing sector or subsector? What niche does the company have (low cost provider, unique product, dominant market share)? Where will value come from (more revenue if so where, lower costs if so how, selling assets, raising debt, merging, expanding customer base)? Based on your quantitative valuation model (see next section) is the company fairly valued, under valued, or over valued), and what could change that (growth assumptions, competitor response)
   d. List the major investment risks of the stock(s)
Appendix B – Presentation Scoring Sheet

Team: __________________________ Industry Representative: ________________

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Maximum Points</th>
<th>Points</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sector Description</strong></td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Describe the sector and the industries that compose the sector. Explain: a. what goods and/or services they produce, b. what/who buys their goods and services, c. what/who supplies the industries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Performance</strong></td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Report the total return of the sector over the current year to date, and previous 1, 3 and 5 years relative to S&amp;P 500 index</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forecast revenue growth</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Describe critical issues, business challenges and trends, and industry opportunities.</strong></td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Add a competitive analysis, such as Porter’s 5 forces</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Summarize sector strengths and weaknesses</td>
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<td></td>
</tr>
<tr>
<td><strong>Weighting Recommendation</strong></td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recommend a weighting for each sector relative to the S&amp;P 500 weighting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Provide qualitative support for your recommendation including how economic and industry trends portend growth for the industry</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Describe quantitative methods used to support your weighting recommendation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Criteria</td>
<td>Maximum Points</td>
<td>Points</td>
<td>Notes</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>----------------</td>
<td>--------</td>
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</tr>
<tr>
<td><strong>Stock Recommendation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain how you selected your recommended stock(s). For example, if you used a screener, what criteria and filters did you use and why.</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stock Investment Thesis</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For each stock recommended:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Explain which industry of the sector it represents</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Show how the stock exhibits the strength of the sector identified in part one of the analysis or combats weaknesses in the sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Offer an investment thesis for the stock(s): is the company in a growing sector or subsector? What niche does the company have (low cost provider, unique product, dominant market share)? Where will value come from (more revenue if so where, lower costs if so how, selling assets, raising debt, merging, expanding customer base)? Based on your quantitative valuation model (see next section) is the company fairly valued, under valued, or over valued), and what could change that (growth assumptions, competitor response)</td>
<td></td>
<td></td>
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<tr>
<td>d. List the major investment risks of the stock(s)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Question &amp; Answer</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Were they able to answer the questions effectively and with confidence?</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Team Involvement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team involvement in the presentation/questions and answers</td>
<td>10</td>
<td></td>
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</tbody>
</table>
## INVESTMENT PORTFOLIO CHALLENGE

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Maximum Points</th>
<th>Points</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Materials</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Quality of slides</em></td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td></td>
<td></td>
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</tbody>
</table>