Collins College School of Business

Investment Smackdown

UNIVERSITY OF TULSA INVESTMENT SMACKDOWN

OFFICIAL RULES
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1. INTRODUCTION AND GENERAL PROVISIONS

The UNIVERSITY OF TULSA INVESTMENT SMACKDOWN comprises two divisions: (i) an intramural competition between Analysts in the University of Tulsa’s Collins College of business’ Student Investment Fund (“SIF”); and (ii) a competition among high schools in the University of Tulsa’s footprint. The intramural college competition 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 $8 million investment portfolio. The high school competition challenges high school teams to address one of two problems involving a hypothetical fledgling endowment for their school. The college challenge is presented in Appendix A. The high school challenge is presented in Appendix C.

The University of Tulsa’s Collins College of business hosts and administers the UNIVERSITY OF TULSA INVESTMENT SMACKDOWN at the local level. Any questions or uncertainties pertaining to the Official Rules of the UNIVERSITY OF TULSA INVESTMENT SMACKDOWN 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 SMACKDOWN, 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

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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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. High school teams and their advisors are welcome to solicit information from tools at the SIF’s disposal, such as Bloomberg data and research reports, provided such information is used solely as part of this competition.

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,
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 SMACKDOWN, each participant acknowledges that the University of Tulsa has access to and shares personal information of participants in the UNIVERSITY OF TULSA INVESTMENT SMACKDOWN. 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 Analysts in the SIF, or sponsored by a high school invited by the University of Tulsa Collins College of Business. Up to two teams may represent a school.

Each team:

a. Must consist of Analysts in the SIF or other undergraduate, graduate student matriculated at the University of Tulsa as approved by the SIF Faculty Advisor OR
b. Must be a student matriculated at a sponsoring high school.
c. Must consist of no fewer than four and no more than six members.

2.1 Research
Only team members may conduct research for the cases presented for the UNIVERSITY OF TULSA INVESTMENT SMACKDOWN. Teams may use only publicly available information in conducting their research. 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. In particular, High school teams are encouraged to seek counsel from the SIF and attend information dissemination sessions offered by that class.

b. The presentations should be prepared from the perspective of an independent research analyst or a group within participating high schools that is not responsible for investing endowment funds.

c. Teams can read existing research on industries and their recommended companies or investment strategies, 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.

2.2 Presentations
Each team will present their recommendations to a panel of Industry Representatives and TU faculty.

a. Presentations will be judged according to Appendix B for the college competition and Appendix D for the high school, “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.

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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.

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.
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 20 minutes; however, an additional 10 minutes will be provided to answer questions posed by the Industry Representatives and faculty, 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 school.
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 for the college challenge and Appendix D for the high school challenge).

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.
Appendix A – Investment Smackdown Case – College Edition

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
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Appendix A – Investment Smackdown Case – College Edition

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
   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)
### Collins College School of Business

**Investment Smackdown**

**Appendix B – Presentation Scoring Sheet College Edition**

## Appendix B – Presentation Scoring Sheet

**UNIVERSITY OF TULSA**

**INVESTMENT SMACKDOWN**

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></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 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 | 15             |        |       |
| **Performance**                 |                |        |       |
| 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 | 5              |        |       |
| Forecast revenue growth         | 5              |        |       |
| 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 | 10             |        |       |
Weighting Recommendation
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 15

Stock Recommendation
Explain how you selected your recommended stock(s). For example, if you used a screener, what criteria and filters did you use and why. 10

Stock Investment Thesis
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) 15
d. List the major investment risks of the stock(s) |  

| Question & Answer | Were they able to answer the questions effectively and with confidence? | 10 |
| Team Involvement | Team involvement in the presentation/questions and answers | 10 |
| Materials | Quality of slides | 5 |
| Total | 100 |
Appendix C – High School Case

The High school challenge offers three different problems based on the following case. Contestants must select only ONE of these problems.

The Novel Initiative for Collaboration Endowment (NICE) just approved a $1 million grant for your high school to be invested for “the long term betterment” of your institution. NICE will fund $500,000 immediately and the other $500,000 after one year subject to evidence of prudent investment by your schools trustees. The initial $500,000 cannot be called back, but the second $500,000 will be revoked if the school’s trustees do not exhibit “prudent investment behavior.” NICE is silent on what “prudent investment behavior is, other than this phrase. “Schools whose trustees that show an aversion to growth and risk taking as well as a distain for sound investment risk management shall not receive the second installment of this endowment.

High School teams must select one and only one of the following cases:

<table>
<thead>
<tr>
<th><strong>OPTION 1</strong></th>
<th><strong>OPTION 2</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Help the fund: a Case study in stock valuation and selection</td>
<td>Defend the fund selector: a Case study in Risk Management</td>
</tr>
<tr>
<td>Your school’s trustees asked your team to guide them on how to invest the $500,000. Prepare a 20 minute presentation supported with a reference material package of up to 25 pages that recommends at least one but no more than three stocks for your trustees to purchase. 1. Explain how you selected your recommended stocks. For</td>
<td>(6 months after the initial award was given) Your school’s trustees hired an inexpensive unregistered investment firm called CRyptO Optimal Knowledge (“CROOK”) to direct how the $500,000 should be invested. CROOK’s model suggested that investing $250,000 in a mix of 25% “meme” stocks like GameStop and 75% Bitcoin. The remaining $250,000 was directed to CROOK’s affiliated bank’s 6</td>
</tr>
</tbody>
</table>
# OPTION 1
**Help the fund: a Case study in stock valuation and selection**

Example, if you used a screener, what criteria and filters did you use and why.

2. For each stock recommended:
   a. 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)? Be sure to state how these investments show neither an aversion to growth and risk taking nor a distain for sound investment risk management.
   b. Fundamental Analysis: Perform ONE of the following alternatives;
      i. Use a quantitative model to value the stock(s). Describe the model and show its results **OR**
      ii. Offer a brief financial analysis of the company(ies), covering balance sheet structure, income statement trend and composition and cash flow sources and uses and ratios that shed light on profitability, efficiency, operating and financial leverage and capital structure.

# OPTION 2
**Defend the fund selector: a Case study in Risk Management**

Month certificate of deposit paying ½ of 1 percent with interest paid in bitcoin. At the 6 month mark, the fund has lost $100,000 while the broader stock market is up 20%. Trustees are concerned that NICE will interpret these investments and results as showing both an aversion to growth and risk taking as well as a distain for sound investment risk management. They asked your team to advise them whether they should rebalance their portfolio and how they should present their performance to NICE when they conduct their 2nd installment review. Prepare a 20 minute presentation supported with a reference material package of up to 25 pages that:

1. Explains whether CROOKs recommendation shows an aversion to growth and risk taking as well as a distain for sound investment risk management
2. Recommends a strategy for the next six months:
   a. Should the trustees aggressively seek to make back the 20% of the portfolio they lost?
   b. Among these investments, which is most prudent to adopt? Explain the potential return and risks of the two investment alternatives, and tell how much of the $400k to invest in it.
      - An index fund that matches the S&P 500 index
Appendix C – High School Case

<table>
<thead>
<tr>
<th>OPTION 1</th>
<th>OPTION 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Help the fund: a Case study in stock valuation and selection</td>
<td>Defend the fund selector: a Case study in Risk Management</td>
</tr>
<tr>
<td>c. List the major investment risks of the stock(s)</td>
<td>• An aggressive growth fund limited to holdings of stocks on the New York Stock Exchange</td>
</tr>
</tbody>
</table>
Appendix D – Presentation Scoring Sheet High School Case

**UNIVERSITY OF TULSA**
**INVESTMENT SMACKDOWN**
Presentation Scoring Sheet: Option 1

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>Investment Thesis</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Sector/subsector growth potential</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>b. Niche</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Source of Value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Compliance with NICE rules</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fundamental Analysis</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quantitative method explained with assumptions and executed OR Financial analysis appropriate and explained</td>
<td>45</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Investment Risks</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive and clearly explained</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Question &amp; Answer</strong></td>
<td></td>
<td></td>
<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>
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<td></td>
<td></td>
</tr>
<tr>
<td>Team involvement in the presentation/questions and answers</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Materials</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality of slides</td>
<td>5</td>
<td></td>
<td></td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Criteria</td>
<td>Maximum Points</td>
<td>Points</td>
<td>Notes</td>
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<td>--------------------------</td>
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<tr>
<td>CROOK Evaluation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Aversion to growth and return?</td>
<td>55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Disdain for risk management?</td>
<td></td>
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<tr>
<td>6-Month Strategy</td>
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<td></td>
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</tr>
<tr>
<td>a. make back the 20%?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Investment alternative selected</td>
<td>50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Which alternative selected</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Risk and return description of both alternatives</td>
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<tr>
<td>▪ Demonstrate how the selected approach meets NICE’s guidelines</td>
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<tr>
<td>▪ Selection between funds and cash</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Question &amp; Answer</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Were they able to answer the questions effectively and with confidence?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team Involvement</td>
<td>10</td>
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<tr>
<td>Team involvement in the presentation/questions and answers</td>
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<tr>
<td>Materials</td>
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<td>Quality of slides</td>
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<tr>
<td>Total</td>
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