



Knowledge@Wharton High School  
**THE INVESTMENT CHALLENGE**

**GUIDEBOOK**

Knowledge@Wharton High School

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# Case Study

## BACKGROUND

You recently graduated college and started work at an up-and-coming asset management company, Knowledge@Wharton Asset Management (“KWAM”). KWAM specializes in managing investments for young adults (less than 30 years old). KWAM currently has a \$100,000,000 portfolio that is invested across nine sectors that represent various industries and companies. You are an analyst, but you hope to one day become a portfolio manager who makes the investment decisions for KWAM’s portfolio.

KWAM’s portfolio manager (i.e. the teacher) recently met with a potential client, Jack Abraham, who is a successful entrepreneur. Jack founded Milo.com, which was bought by eBay for a reported \$75 million. To find out more about Jack, please read the Knowledge@Wharton High School (KWHS) article [“\*Millionaire at 25: Jack Abraham on What It Takes to Be a Successful Entrepreneur\*”](#). Jack told the portfolio manager that KWAM has 10 weeks to put together a detailed portfolio analysis proposal.

The portfolio manager recognizes that it will not be easy to land Jack as a client because he is talking to other asset management firms (i.e. other classes). It is critical to make the most convincing case to Jack, so everyone must contribute to ensure KWAM creates the best portfolio analysis proposal. The portfolio manager tells you that this is your chance to shine.

*Your task:* work in a small team to develop and implement an investment strategy. The portfolio manager also explains that you will be competing against other first-year analysts (i.e. other students) and the team with the best portfolio analysis proposal will be rewarded.

## OBJECTIVE

Over the next 22 weeks your team will develop and test an investment strategy using the industries and companies from KWAM’s approved stock list. Your team will conduct a thorough analysis of both the industries and the companies, which will provide support for your portfolio analysis proposal. You will be able to test your investment strategy by using Knowledge@Wharton’s Online Trading and Investment Simulator (“OTIS”). At the end of the 22-week period, your team will present its investment strategy to the portfolio manager.

Your team will have to convince the portfolio manager that your portfolio is the best fit for Jack Abraham. In order to convince the portfolio manager, your team will not only have to show that its investment strategy worked (i.e. return on investment), but also that your investment strategy has been well thought out.



# General Overview

## SUMMARY

Your team will be responsible for managing a portfolio of \$100,000 in virtual cash. Your team will compete against students from your class, as well as students from other schools. At the end of the 22 weeks, you will be required to submit a document detailing your recommended investment strategy. Aberdeen and K@W judges will review your final investment policies and select top teams. Those teams will be invited to present their strategies, either in person or virtually, to a panel of Aberdeen asset managers.

## IMPORTANT DATES

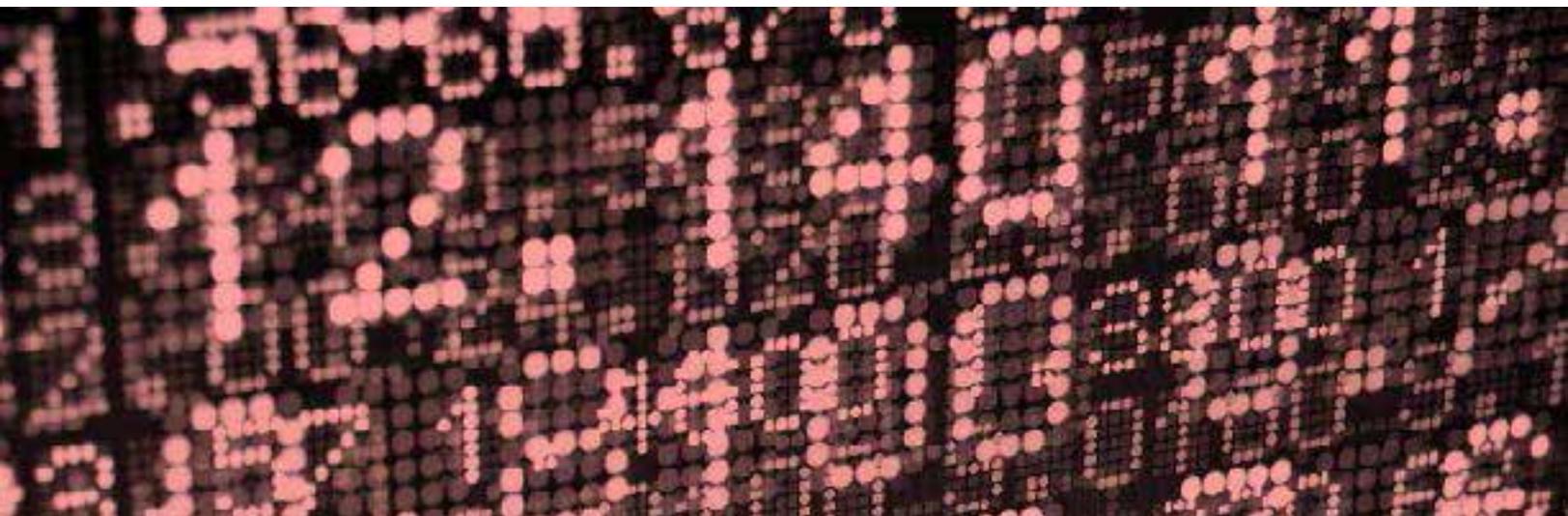
- **November 20, 2013:** Registration Begins
- **December 6, 2013:** OTIS Trading Begins
- **February 28, 2014:** Mid-term Reports Due
- **May 9, 2014:** Trading Ends
- **May 16, 2014:** Final Strategies Due
- **On or around May 20, 2014:** Top Teams Notified
- **Tentatively May 29, 2014:** Wharton Day and Presentations

## BENEFITS

- Learn skills relevant to all professions and educational tracks
- Develop teamwork, leadership and communication skills
- Learn about risk, diversification, company analysis, industry analysis and investing
- Develop and apply critical thinking and reading skills throughout the competition
- Enhance your college and scholarship applications by building your resume

## PRIZES

- The top analysts will have an opportunity to present their strategies either in person or via Skype at The Wharton School, University Of Pennsylvania in Philadelphia
- Members of the winning top analysts team will receive a prize
- The winning team's school will receive a prize
- Teachers may also select a winning team from their classes



# Structure of the Competition

## OVERVIEW

- Teachers may have an unlimited number of classes participate in the competition.
- The competition is meant to be an engaging learning exercise that fosters teamwork, creative thinking and writing, computation skills, research skills and communication.
- The duration of the competition is 22 weeks, which is split into two sections: optional pre-competition activities (two weeks) and competition activities (twenty weeks).

## LEARNING MATERIAL

- The guidebook provides learning materials that can be used throughout the competition.
- We recommend teaching the primary lesson plan at the beginning of each two-week period.
- Each week of the competition, the guidebook provides a primary lesson plan, discussion questions, learning outcomes, suggested lesson plans, KWHS articles and Knowledge@Wharton articles:
  - Primary lesson plan: the critical lesson plan of the week
  - Discussion questions: thought provoking questions for students
  - Learning outcomes: expected learning takeaways
  - Suggested lesson plans: other lesson plans that might be useful to teach certain concepts. The suggested lesson plans cover topics that are tangentially related to the concepts taught in the primary lesson plan
  - Suggested KWHS articles: relevant articles specifically for a high school audience. The suggested KWHS articles cover issues that are tangentially related to the concepts taught in the primary lesson plan
  - Suggested K@W articles: relevant articles that come from Knowledge@Wharton website (<http://knowledge.wharton.upenn.edu/>). The suggested K@W articles are more advanced, but cover issues that are tangentially related to the concepts taught in the primary lesson plan
- At a minimum, teachers should instruct the primary lesson plan
  - We recommend teaching the primary lesson plan at the beginning of the week
- All lesson plans can be found at: <http://kwhs.wharton.upenn.edu/lesson-plans/>
  - Simply type in the name of the lesson plan in the *Search* bar
- All KWHS articles can be found at: <http://kwhs.wharton.upenn.edu/category/articles/>
  - Simply type in the name of the article in the *Search* bar
- All K@W articles can be found at: <http://knowledge.wharton.upenn.edu/>
  - Simply type in the name of the article in the *Search* bar



## Structure of the Competition (continued)

### STUDENT REQUIREMENTS DURING THE COMPETITION

- Students will have a minimum of three deliverables throughout the competition:
  - Mid-project Team Review (see Important Dates)
  - Final Investment Policy (see Important Dates)
  - Presentation (Primarily for top teams, but we recommend that teachers require presentations, even if teams are not entered into the competition finals)
  - We strongly recommend that each team keeps a non-graded weekly journal to record their new stock purchases and their rationale. This will help them capture how their strategy developed in their final investment policies and presentations.

### JUDGING

- Upon submission of the final investment policies, Aberdeen and K@W judges will select the top teams. The top analyst will be selected from those teams.
- While your portfolio return on investment is important, it is by no means the No. 1 determining factor in who will be selected as Top Analyst. A well-thought-out strategy is key. Please refer to the “Investment Policy Structure” section on page 21 for further guidance.

### RULES

- Each team must have a minimum of five members and a maximum of nine members
  - The portfolio manager (i.e. teachers) can decide how teams are formed
  - Students should not switch teams once the competition has begun



# Steps to Getting Started

## READ THE CASE STUDY

- To understand the premise of the competition, please read the Case Study
- The teacher plays the role of the portfolio manager in the Case Study
- The students play the roles of the analysts

## TEAM ASSIGNMENTS

- Students should form teams, each team must have a minimum of five members and a maximum of nine members
  - The portfolio manager (i.e. teachers) can decide how the teams are formed
  - Students should not switch teams
- Neither the number of teams nor the number of students per team, affect the outcome of the competition

## REGISTER FOR THE COMPETITION

- Register: Students will register their teams at:
  - <http://kwhs.wharton.upenn.edu/competitions/2013-invest/sign-up>
- Please note that if students are not already KWHS users, they need to register at:
  - <https://kwhs.wharton.upenn.edu/register/>
- Teachers are also encouraged to register at:
  - <https://kwhs.wharton.upenn.edu/register/>
- The student who registers as the team leader will be sent a welcome letter via email
- The team leader has sole access to the OTIS investment account
  - The team leader is the only person who is allowed to input trades



## Steps to Getting Started (continued)

### INVESTMENT RULES

- Each team receives \$100,000 virtual cash to be invested using OTIS
- Teams can only invest in stocks that are on the Approved Stock List
  - Teams will lose the investment if it is not on the Approved Stock List
  - Stocks are categorized by industry and sector
  - Example: Sectors: Financials, Industry: Money Center Bank, Company: Citi Group, Inc
- There are nine sectors, which consist of multiple industries and dozens of stocks:
  1. Basic materials
  2. Consumer Goods 1
  3. Consumer Goods 2
  4. Financials
  5. Healthcare
  6. Services 1
  7. Services 2
  8. Technology
  9. Utility
- Teams are required to invest in at least as many sectors as there are team members
  - For example, a team with five members needs to invest in a minimum of five sectors. The team can invest in more than five sectors if it chooses to do so
  - For example, a team with nine members must invest in all nine sectors. The team can't choose to invest in less than nine sectors
- Teams can change the sectors that they invest in throughout the competition as long as the minimum number of sectors is represented in their portfolio
- The amount of investment in each sector is determined by the team
  - For example, a team of five can invest \$20,000 equally across five sectors. Alternatively, the team could decide to invest \$99,000 in one sector and \$250 in each of the four remaining sectors
- Teams can invest in as many or as few stocks as their investment strategy determines
  - At least one stock must be represented from the minimum number of sectors
  - For example, a team of five would have at least five stocks from five different sectors represented in its portfolio
- Each team member is responsible for making investments in at least one sector
  - For example, in a five-member team, each team member would be responsible for covering at least one distinct sector (i.e. five sectors total). Additionally, in this case, the team members have the option to invest in up to four more sectors for a total of nine sectors
- Teams can make as many or as few stock trades as their investment strategy determines
- Teams can make trades at any time during the competition



# Pre-Competition Activities

## OTIS

- Upon registering, the team leader will have access to OTIS. OTIS will allow teams to make stock trades during the competition
- Once a team is registered the team name will appear under Game Login at:
  - <http://kwhs.wharton.upenn.edu/competitions/2013-invest/>
- The team leader has sole access to the OTIS investment account
  - The team leader is the only person allowed to input trades
  - The team leader can share his/her login information if he/she desires

## PRE-COMPETITION ACTIVITIES

- Weekly lesson plan topics:
  - Communication & Leadership
  - Teamwork & Leadership

## COMPETITION ACTIVITIES

- The best practice is to teach the primary lesson plan at the beginning of the two-week period
- Bi-weekly Lesson Plan Topics:
  - Investment Overview
  - Investment Decisions
  - Portfolio Management
  - Company Analysis
  - Financial Reports
  - Financial Ratios
  - Relative Value Ratios
  - Industry Analysis
  - Ethics
  - Final Presentation



# Pre-Competition Activities

## COMMUNICATION & LEADERSHIP

### Primary Lesson Plan

- [Teamwork and Communication](#)

#### Discussion Questions

- Are some communication styles more effective than others?
- Do communication styles change in different situations?
- How do people communicate non-verbally?
- How is communication related to leadership?

### Learning Outcomes

- Communication can be verbal, non-verbal or both
- It is important to pay attention to non-verbal communication cues
- Communication styles differ, especially across cultures
- Good leaders may need to possess multiple communication styles

### Suggested Lesson Plans

- [Communication Styles](#)
- [Cultivating Total Leadership](#)
- [The Six Traits of Excellent Leaders](#)
- [How to Lead from Within](#)

### Suggested KWHS Articles

- [Understanding Global Leadership in the Year of the Protester](#)
- [Top Qualities: Everyone Has the Capacity to Be a Leader](#)
- [The Power to Lead: The Next Generation of Social Entrepreneurs](#)
- [Winning Spanish Coach Josep Guardiola: A Quiet Leadership](#)

### Suggested K@W Articles

- [Leading from Within Means Learning to Manage Your Ego and Emotions](#)
- [Cultivating Total Leadership with Authenticity, Integrity and Creativity](#)
- [HP and Patagonia: Two Similar, Yet Different, Leadership Styles](#)
- [Reaching the Summit: Rodrigo Jordan's Leadership Lessons from the Andes](#)



# Pre-Competition Activities

## TEAMWORK & LEADERSHIP

### Primary Lesson Plan

- [Working on Team Tasks](#)

### Discussion Questions

- When is a team approach useful and when is it not?
- What are reasons teams fail?
- What are some characteristics of a good team environment?
- How is teamwork related to leadership?

### Learning Outcomes

- Teams are important when there are complex tasks that need diverse perspectives
- It is important to ensure that everyone is committed to the team's goals
- Communication, open-mindedness and the willingness to work through problems are important characteristics of a good team environment
- Team leaders must be strong and understand the ambitions of his/her team

### Suggested Lesson Plans

- [Individual Decisions and Collective Success](#)
- [Collective Interest in Teams](#)
- [Leadership is Not in a Vacuum](#)
- [Letting Go of Ego](#)
- [Improvisation in Teams](#)

### Suggested KWHS Articles

- [Teamwork with a Marshmallow on Top](#)
- [Serial Tech Entrepreneur Sachin Rekhi: Relationships Build Careers](#)
- [Programming Robots in Zero Gravity](#)
- [Embracing Differences: Companies Tap the Richness of Diversity](#)

### Suggested K@W Articles

- [Building Leadership Through Teamwork](#)
- [Expedition to Ecuador: Leadership and Teamwork at 19,000 Ft.](#)
- [Teamwork in a Shock Trauma Unit: New Lessons in Leadership](#)
- [‘Creating Innovators’: Raising Young People Who Will Change the World’](#)



# Competition Activities

## INVESTMENT OVERVIEW

### Primary Lesson Plan

- [What Is an Investment?](#)

### Discussion Questions

- What is an investment?
- What are different investment choices?
- Why do individuals invest?
- What are risk and return and how are they measured?

### Learning Outcomes

- An investment is a short-term sacrifice that is made for a long-term gain
- Investments can take many different forms, such as going to college to stocks
- Individuals make investments in order to gain a return
- Investments have varying degrees of risk and return

### Suggested Lesson Plans

- [Investments—Stocks](#)
- [Saving Money](#)
- [Assessing Investment Options](#)
- [Opportunity Costs: What is My Best Alternative?](#)

### Suggested KWHS Articles

- [What Are the Different Investment Choices: From Condos to Gold to Just Plain Cash](#)
- [Investing 101: The Prospect of Growing Your Money](#) (Video)
- [Big Investment: The Financial Impact of Student Loans](#)
- [Inflation: What It Is, Where It Comes From and How It Can Bite You](#)
- The Economy and the Stock Market: A Podcast with Aberdeen's Qie Zhang

### Suggested K@W Articles

- [In a Withering Market, Where Will Your Investments Grow?](#)
- [Why Stock-price Volatility Should Never Be a Surprise, Even in the Long Run](#)
- [Stocks Revisited: Siegel and Shiller Debate](#)
- [Why Some Chinese Invest in the Stock Market and Others Don't](#)



# Competition Activities

## INVESTMENT DECISIONS

### Primary Lesson Plan

- [Risk and Diversity](#)

### Discussion Questions

- What is risk?
- What is diversification?
- Why would an individual want to diversify risk?
- How would an investor diversify risk through a portfolio of assets?

### Learning Outcomes

- Risk is the chance, or degree of probability that a loss will occur
- Diversification is a strategy used to spread risks across investments
- It is important to diversify risk, so that no single investment failure will lead to severe economic harm
- Investors can achieve varying degrees of diversification by allocating resources across different investments

### Suggested Lesson Plans

- [Speculation—Stocks](#)
- [Speculation—Real Estate](#)
- [What to Expect—Decision-making and Expected Value](#)
- [Risky Business—Dealing with Uncertainty](#)

### Suggested KWHS Articles

- [Understanding Risk and Return: The Roller Coaster Ride of Investing](#)
- [Why Investors Diversify: Spreading Your Wealth Across Assets, Industries and Countries](#)
- [Olivia Mitchell on Why Young Consumers Should Just Say No to Spending](#)
- [Why It Pays to Save: Knowing the Time Value of Money](#)

### Suggested K@W Articles

- [How Much Money Will You Need for Retirement? More Than You Think](#)
- [The Big Financial Stretch: Preparing for Those Later Decades](#)
- [The Big Pay Off: Why Hedge Funds Can't Afford to Ignore Risk Exposure](#)
- [Risky Business Becomes Riskier: A New Playbook for How Artists Are Compensated](#)



# Competition Activities

## PORTFOLIO MANAGEMENT

### Primary Lesson Plan

- [Portfolio Management](#)

### Discussion Questions

- What is a portfolio manager?
- What is an investor life cycle?
- What is an investment policy statement?
- Why is an investment policy statement important?

### Learning Outcomes

- A portfolio manager invests in and manages a diverse group of assets
- Investors have different risk tolerance levels at various life stages
- An investment policy statement spells out the goals and strategy of a portfolio
- A portfolio should match the risk and return expectations of a client

### Suggested Lesson Plans

- [Investment Portfolio](#)
- [Retirement Planning](#)
- [Buying and Leasing Cars](#)
- [Budgeting for College Life](#)

### Suggested KWHS Articles

- [The Investor Lifecycle: Changing Priorities, Changing Portfolios](#)
- [Portfolio Managers: The Challenge Is Making More than One Winning Stock Pick](#)
- [Portfolio Management: Making Decisions about Your Investments](#)
- [Budgeting Basics: Spending Less than You Earn](#)

### Suggested K@W Articles

- [‘The Importance of Being Long-term’: Vanguard’s William McNabb on What’s Ahead for Investors](#)
- [Note to Investors: Don’t Play Games with Asset Allocation](#)
- [Wealth Management Report: Asset Allocation and Diversification](#)
- [Vanguard’s Brennan on Stock Market: Resist Temptation; Emphasize Diversification; Stay Calm](#)



# Competition Activities

## COMPANY ANALYSIS

### Primary Lesson Plan

- [SWOT \(Strengths, Weaknesses, Opportunities, Threats\)](#)

### Discussion Questions

- Why is it important to analyze a company before making an investment?
- What external and internal factors might an investor want to analyze?
- What is a SWOT analysis?
- What are some of the strengths and weaknesses of a SWOT analysis?

### Learning Outcomes

- A thorough analysis will help ensure that investors receive a return on investment
- It is important to analyze both internal factors and external factors
- SWOT analysis is one of many tools that can be used to better understand a company
- The effectiveness of a SWOT analysis (or any analysis) depends on thorough research by the investor. Junk in, junk out is the key to remember when doing an analysis

### Suggested Lesson Plans

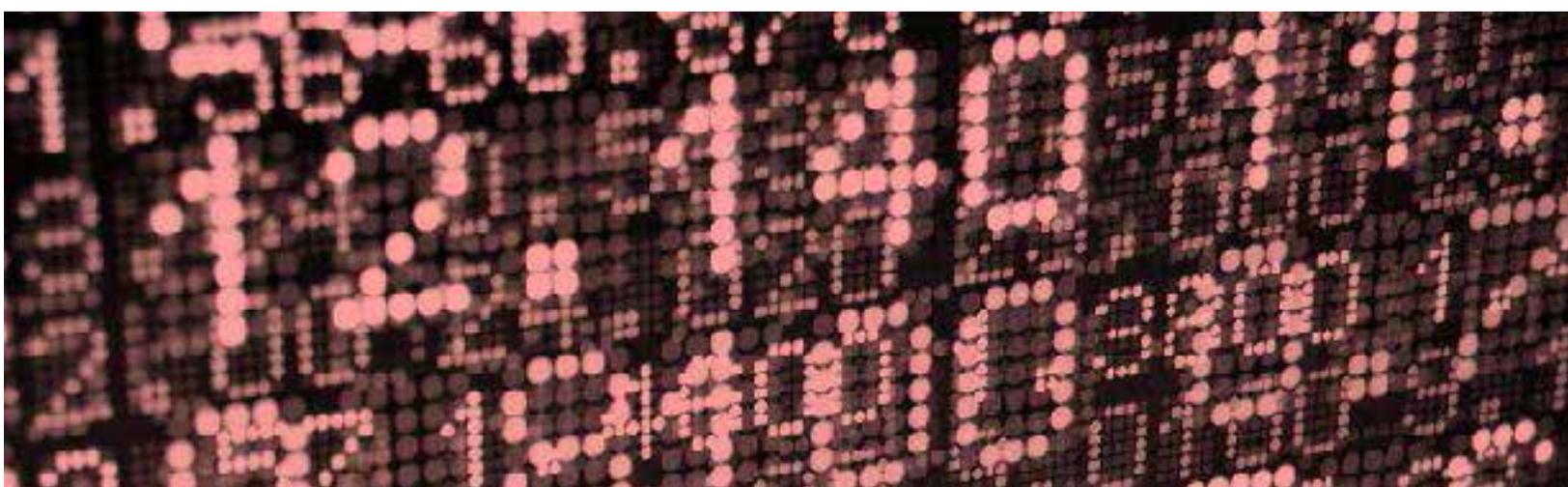
- [Rivals and Analyzing Business Growth Potential](#)
- [Strategizing for Business Growth](#)
- [Understanding Suppliers through a Chocolatier's Expansion](#)
- [Strikes in the Business Sector](#)

### Suggested KWHS Articles

- [Strengths, Weaknesses, Opportunities, Threats: The SWOT Analysis](#)
- [Pandora: The Building Blocks of an Innovative Internet Radio Station](#)
- [Is Your Cell Phone a Fake?](#)
- [Boeing vs. Machinists: Behind the Scenes of the U.S. Labor Movement](#)

### Suggested K@W Articles

- [Value Stocks vs. Growth Stocks: Timing Counts](#)
- [What's Wrong with This Picture: Kodak's 30-year Slide into Bankruptcy](#)
- [The Bitter and the Sweet: How Five Companies Competed to Bring Chocolate to China](#)
- [Dell's Diversification Strategy: 'A Day Late and a Dollar Short?'](#)



# Competition Activities

## FINANCIAL REPORTS

### Primary Lesson Plan

- [Accounting and the Basics of Financial Reporting](#)

### Discussion Questions

- What are the primary financial documents that a public company must file?
- What are the different financial statements that can be found in these documents?
- What important information is located within the financial statements?
- How might an investor use the financial statements?

### Learning Outcomes

- Public companies are required to file annual (10-K) and quarterly (10-Q) reports
- Income statement, balance sheet and cash flow statement are key financial statements
- Financial statements will describe a company's overall financial health and profitability
- Investors can use financial statements to identify positive and negative financial trends

### Suggested Lesson Plans

- [Introduction to the Income Statement](#)
- [Introduction to the Balance Sheet](#)
- [Introduction to the Cash Flow Statement](#)

### Suggested KWHS Articles

- [Making a Statement: 10Ks, 10Qs and Company Financials](#) (Video)
- [The Fed Revealed: Understanding the Dangers of Monetary Policy](#)
- [Credit Alert: The Dangers of Overspending and Underpaying](#)
- [Friendly's: Where Chapter 11 Bankruptcy Makes the Meal](#)

### Suggested K@W Articles

- [So Your Sales Went Up? So What?](#)
- [How Sustainable Is Groupon's Business Model?](#)
- [Can Twitter Promote Itself into Profitability?](#)
- [Strategies for a Two-speed World](#)
- ['Finance & Accounting' for the Rest of Us: A Conversation with Richard A. Lambert](#)



# Competition Activities

## FINANCIAL RATIOS

### Primary Lesson Plan

- [Financial Ratios](#)

### Discussion Questions

- What can financial ratios tell an investor about a company's performance and health?
- What are the primary financial ratios used in analysis?
- How are financial ratios used to inform investment decisions?
- What are some of the strengths and limitations of financial ratios?

### Learning Outcomes

- Financial ratios provide detailed information about a company's financial health, operational effectiveness and risks
- Primary financial ratios include: internal liquidity ratios, operating performance ratios and risk analysis ratios
- Financial ratios can be used to better understand a company as well as to compare different companies
- Financial ratios provide a good assessment of a company's past performance, but they do not necessary provide a clear picture of potential threats and opportunities

### Suggested Lesson Plans

- [Present Value](#)
- [Profit and Loss](#)
- [Break Even](#)
- [What Affects Auto Insurance Costs? Understanding the Data](#)

### Suggested KWHS Articles

- [Financial Ratios: Evaluating a Company's Health and Worth](#) (Video)
- [FB Files for an Initial Public Offering](#)
- [Groupon Goes Public](#)
- [Behind the Scenes at Urban Outfitters](#)

### Suggested K@W Articles

- [Dot-Com Bubble, Part II? Why It's So Hard to Value Social Networking Sites](#)
- [M&A's Overlooked Pitfall: The False Negative](#)
- [Warning: Big Financial Firms May Be Riskier Than They Appear](#)
- [African Venture: Promises and Pitfalls of Bharti's Deal with Zain](#)



# Competition Activities

## RELATIVE VALUE RATIOS

### Primary Lesson Plan

- [Relative Value Ratios](#)

### Discussion Questions

- What are relative value ratios?
- What are the primary relative value ratios used in analysis?
- Why would an investor use relative value ratios?
- What are some of the limitations of using relative value ratios?

### Learning Outcomes

- Relative value ratios can be used to compare companies' stock prices for value
- The main relative value ratios are: P(price)/earnings, P/book value, P/cash flow, P/sales
- Investors use relative value ratios to determine if stocks are under or over valued
- Relative value ratios only compare value and they do not project future performance

### Suggested Lesson Plans

- [Rubber Bands—Price Elasticity 101](#)
- [Elasticity—How Much Are You Willing To Pay?](#)
- [Dis\(Equilibrium\)—Who Sets Prices Anyway?](#)
- [Balancing Acts—Finding Equilibrium Price](#)

### Suggested KWHS Articles

- [Earnings per Share: A Valuable Tool for Investors](#)
- [Relative Value Ratio's: A Podcast with Aberdeen's Qie Zhang](#)
- [Of Chocolate and China: Nestle Expands in Beijing](#)
- [Big-Scale Buying and Selling: Dealing in Mergers & Acquisitions](#)
- [In Your Face: Microsoft's \\$8.5 Billion Takeover of Skype](#)

### Suggested K@W Articles

- [Will a Eurozone Recession Put a Damper on the World's Fragile Economic Recovery?](#)
- [Jeremy Siegel on 2010: Good for Stocks, Bad for Bonds—and Why Interest Rates Will Go Up](#)
- [Lesson One: What Really Lies Behind the Financial Crisis?](#)
- [Finding Opportunity in a Bear Market](#)



# Competition Activities

## INDUSTRY ANALYSIS

### Primary Lesson Plan

- [Introduction to Industry Analysis \(Porter's Five Forces\)](#)

### Discussion Questions

- Why is it important to analyze an industry before making an investment?
- What industry factors might an investor want to analyze?
- What is Porter's Five Forces Model?
- What are some of the strengths and weaknesses of Porter's Five Forces Model?

### Learning Outcomes

- Industry factors can play a significant role in a company's performance
- Factors such as suppliers, buyers, competition, substitutes and rivalry may impact
- Porter's Five Forces Model provides a context to analyze an industry
- The effectiveness of Porter's Five Forces Model (or any analysis) depends on thorough research by the investor. Junk in, junk out is the key to remember when doing an analysis

### Suggested Lesson Plans

- [Management Theories: Analysis of Five Competitive Forces \(National Level\)](#)
- [Five Competitive Forces: Threats from New Entrants/Substitutes \(National\)](#)
- [Five Competitive Forces: Bargaining Power of Buyers \(National\)](#)
- [Customers as a Competitive Force](#)

### Suggested KWHS Articles

- [Show Me the Money: Analyzing Porter's Five Forces](#)
- [Baseball's Bottom Line: The Money Behind the Game](#)
- [Vampires: It's a Bloody—and Booming—Business](#)
- [The Ultimate Business of Mixed Martial Arts](#)

### Suggested K@W Articles

- [Building Blocks: The Bright Future of Colombia's Cement Industry](#)
- [Power to the People or Just a Fad? Forecasting the Future of Group Buying Sites](#)
- [The Groupon Effect in China](#)
- [Upended by eBooks: Is This the Last Chapter for the Book Business?](#)



# Competition Activities

## ETHICS & SOCIAL RESPONSIBILITY

### Primary Lesson Plan

- [Global Business Ethics and Social Responsibility](#)

### Discussion Questions

- How are ethics and business related?
- Do businesses have an ethical responsibility to their stakeholders (i.e. shareholders, employees, customers, etc.)?
- How are social responsibility and business related?
- Do businesses have a social responsibility to their stakeholders?

### Learning Outcomes

- Businesses make decisions that impact a wide range of stakeholders, so the ethics of those decisions are important
- Businesses have an ethical responsibility to their stakeholders
- Businesses operate in society and their actions impact a wide range of stakeholders
- Businesses have a social responsibility to their stakeholders, but the level of this social responsibility is often debated

### Suggested Lesson Plans

- [Ethics: The Four Views of Ethics \(National\)](#)
- [How Personal Values Impact Decision-making](#)
- [Socially Responsible and Ethical Business Behavior](#)
- [Understanding Fair Trade](#)

### Suggested KWHS Articles

- [Just Do It— But Ethically, Please](#)
- [A Forever 21 Lawsuit Highlights the Importance Workplace Rights](#)
- [Economic Partnership: Coffee Beans, Moroccan Rugs and the Future of Fair Trade](#)
- [Extra, Extra! Sensationalism in Journalism](#)
- [Katherine Klein on Social Impact](#) (Video)

### Suggested K@W Articles

- [Business vs. Ethics: The India Tradeoff](#)
- [Don't Mention It: How 'Undiscussables' Can Undermine an Organization](#)
- [From Soup to...Corporate Social Responsibility: Campbell's Efforts Lead the Way](#)
- [Profits and Social Responsibility: Chastened Drug Makers Step up Efforts to Bring Affordable Medicines to Poor Countries](#)



# Investment Policy

## **MID-PROJECT TEAM REVIEW (Due Feb. 28)**

The mid-project team review, which will show the judges that each team has a strategy and is following it, should cover 1-2 pages, double spaced. Teams that have yet to develop a strategy or have not implemented a strategy successfully will be contacted with guidance on how to best re-format their process to best suit the competition.

### **Your review should consist of the following three sections:**

- Investment strategy – This should cover how your team believes it will receive the highest rate of return
- Team decision-making process – This should cover how the team determines which individual stocks to buy
- Top stock holdings – This will allow the judges to ensure the team is on the correct track.



## INVESTMENT POLICY STRUCTURE

### Best Practices

- The Final Investment Policy should be a minimum of seven (7) pages
- 12 point Times New Roman font
- Double spaced
- 1 inch margins
- A template with recommended topics is listed below

### Cover Page

- Team name, individual names and high school

### Section 1: Investment Recommendations (minimum 3-5 pages)

- This section should be your final recommendation for Jack Abraham's portfolio
  - The recommendations do not have to reflect your team's actual investment strategy during the game
- What is your team's investment strategy and why?
  - Did you invest all the money in stocks or did you leave some in cash?
  - How does this fit with Jack Abraham's position in the life cycle?
- What sectors does your team recommend KWAM invest in and why?
  - How much should be invested in each sector and why?
- What industries does your team recommend KWAM invest in and why?
  - How much should be invested in each industry and why?
  - Teams should provide supporting evidence for their strategy by using:
    - » Porter's Five Forces Model
    - » Relative value ratios
- What stocks does your team recommend KWAM invest in and why?
  - How much should be invested in each stock and why?
  - Teams should provide supporting evidence for their strategy by using:
    - » Analysis of financial statements
    - » Financial ratios
    - » Relative value ratios
    - » SWOT analysis





## FINAL PRESENTATION STRUCTURE

### Best Practices

- The Final Presentation should be a minimum of ten (10) minutes
- The Final Presentation topics mirror the Final Investment Policy paper
- Powerpoint or other presentation material
- A template with recommended topics is listed below

### Cover Page

- Team name, individual names and high school

### Section 1: Investment Recommendations

- This section should be your final recommendation for Jack Abraham's portfolio
  - The recommendations do not have to reflect your team's actual investment strategy during the game
- What is your team's investment strategy and why?
  - Did you invest all the money in stocks or did you leave some in cash?
  - How does this fit with Jack Abraham's position in the life cycle?
- What sectors does your team recommend KWAM invest in and why?
  - How much should be invested in each sector and why?
- What industries does your team recommend KWAM invest in and why?
  - How much should be invested in each industry and why?
  - Teams should provide supporting evidence for their strategy by using:
    - » Porter's Five Forces Model
    - » Relative value ratios
- What stocks does your team recommend KWAM invest in and why?
  - How much should be invested in each stock and why?
  - Teams should provide supporting evidence for their strategy by using:
    - » Analysis of financial statements
    - » Financial ratios
    - » Relative value ratios
    - » SWOT analysis



# Final Presentation

## **FINAL PRESENTATION STRUCTURE** (continued)

### **Section 2: Investment Decision Process**

- How did your team make investment decisions at the beginning of the competition?
- How did your team make investment decisions at the end of the competition?
- Did your team use different tools (i.e. SWOT, financial ratios) in the analysis process?
- Did members of your team use different tools?
- What tools did your team find the most effective in its analysis?
- Why were some tools less effective?
- What would your team have done differently in the investment decision process?
- What did you learn about the investment decision-making process?

### **Section 3: Team dynamics**

- What were some of the challenges presented by working in a team?
- How did the team make decisions (e.g., vote, discussions, etc.)?
- How were tasks divided between team members?
- What particular skills made each member valuable?

### **Section 4: Ethics**

- Pretend that someone provided you with inside information on a company that you were potentially going to invest in for Jack Abraham.
- What would you do in this situation?
- Would you use the information or would you report it to the proper authorities?
- Why is it important to have high ethical standards?
- What are some other possible ethical situations that might arise if you are a portfolio manager and how would you deal with them?

### **Section 5: Takeaways**

- What did your team learn from this competition?
- What would your team have done differently in hindsight?
- Why was the competition easier or more difficult than your team imagined?
- Did your team enjoy this competition? Why or why not?





## About Knowledge@Wharton High School

The mission of KWHS, a member of the Knowledge@Wharton global network, is to promote global financial literacy, entrepreneurship and leadership among high school students and educators by providing free innovative educational content. KWHS publishes a global online business journal for high school students interested in exploring all the ways that business touches their lives. In addition, KWHS creates opportunities for students and educators to explore their business-related interests both inside and outside the classroom through lesson plans, summer programs and educational challenges.

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## About Knowledge@Wharton

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# Consumer Goods Sector (Products)

## AUTO MANUFACTURER INDUSTRY

Company	Ticker
Ford Motor Company	F
Honda Motor Company, Ltd.	HMC
Toyota Motor Corporation	TM
Tesla Motors Inc.	TSLA
General Motors Company	GM

## PERSONAL PRODUCTS INDUSTRY

Company	Ticker
Avon Products, Inc.	AVP
Colgate-Palmolive Company	CL
The Estee Lauder Companies Inc.	EL
Procter & Gamble Company	PG
Revlon, Inc.	REV

## TOYS & GAMES INDUSTRY

Company	Ticker
Mattel, Inc.	MAT
Hasbro Inc.	HAS
LeapFrog Enterprises Inc.	LF
Kid Brands, Inc.	KID
Gaming Partners International	GPIC

## FOREIGN MONEY CENTER BANK INDUSTRY

Company	Ticker
Barclays PLC	BCS
Credit Suisse Group	CS
Deutsche Bank AG	DB
UBS AG	UBS
Westpac Banking Corporation	WBK

## MONEY CENTER BANK INDUSTRY

Company	Ticker
Citigroup, Inc.	C
JPMorgan Chase & Company	JPM
PNC Financial Services Group	PNC
Wells Fargo & Company	WFC
KeyCorp	KEY

## INSURANCE INDUSTRY

Company	Ticker
AFLAC Incorporated	AFL
The Allstate Corporation	ALL
H&R Block, Inc.	HRB
MetLife, Inc.	MET
Prudential Financial, Inc.	PRU
UnitedHealth Group Inc.	UNH



# Healthcare Sector

## DRUG MANUFACTURER INDUSTRY

Company	Ticker
Bristol-Myers Squibb Company	BMJ
Pfizer Inc.	PFE
GlaxoSmithKline PLC	GSK
Merck & Company Inc.	MRK
Novartis AG	NVS

## PHARMACEUTICAL INDUSTRY

Company	Ticker
Allergan Inc.	AGN
Forest Laboratories Inc.	FRX
Teva Pharmaceutical Industries	TEVA
Cubist Pharmaceuticals Inc.	CBST
Endo Pharmaceuticals Holdings	ENDP
Zogenix, Inc.	ZGNX

## BIOTECHNOLOGY INDUSTRY

Company	Ticker
Amgen Inc.	AMGN
Baxter International Inc.	BAX
Cardiovascular Systems Inc	CSII
Regeneron Pharmaceuticals, Inc.	REGN
Illumina Inc.	ILMN
Celgene Corporation	CELG



## **AIRLINE INDUSTRY**

<u>Company</u>	<u>Ticker</u>
Boeing Company	BA
Delta Air Lines Inc.	DAL
US Airways Group, Inc.	LCC
Southwest Airlines Company	LUV
SkyWest Inc.	SKYW
JetBlue Airways Corporation	JBLU

## **LODGING INDUSTRY**

<u>Company</u>	<u>Ticker</u>
Hyatt Hotels Corporation	H
Las Vegas Sands Corporation	LVS
Marriot International, Inc.	MAR
Red Lion Hotels Corporation	RLH
Starwood Hotels & Resorts World	HOT
Wyndham Worldwide Corporation	WYN

## **RESTAURANT INDUSTRY**

<u>Company</u>	<u>Ticker</u>
Papa John's International	PZZA
Buffalo Wild Wings	BWLD
Chipotle Mexican Grill	CMG
Cosi, Inc.	COSI
Domino's Pizza, Inc.	DPZ
Texas Roadhouse, Inc.	TXRH



## Services Sector (2)

### DRUG STORE INDUSTRY

Company	Ticker
CVS Caremark Corporation	CVS
GNC Holdings Inc.	GNC
Rite Aid Corporation	RAD
Walgreen Company	WAG
PharMerica Corporation	PMC

### RETAIL INDUSTRY

Company	Ticker
American Eagle Outfitters	AEO
Abercrombie & Fitch, Company	ANF
Apple Inc.	AAPL
Barnes & Noble, Inc.	BKS
Five Below, Inc.	FIVE
Footlocker Inc.	FL
The Gap, Inc.	GPS
The Men's Wearhouse, Inc.	MW
Urban Outfitters, Inc.	URBN
Vera Bradley, Inc.	VRA

### RESTAURANT INDUSTRY

Company	Ticker
Krispy Kreme Doughnuts	KKD
McDonald's Corporation	MCD
Starbucks	SBUX
The Wendy's Company	WEN
YUM! Brands, Inc.	YUM



## APPLICATION SOFTWARE INDUSTRY

Company	Ticker
Adobe Systems Inc.	ADBE
Microsoft Corporation	MSFT
Openwave Systems Inc.	OPWW
Oracle Corporation	ORCL
Taleo Corporation	TLEO

## TELECOM SERVICES INDUSTRY

Company	Ticker
AT&T, Inc.	T
Verizon Communications Inc.	VZ
Sprint Nextel Corporation	S
Vodafone Group PLC	VOD
France Telecom S.A.	FTE

## INTERNET INFORMATION PROVIDERS INDUSTRY

Company	Ticker
Facebook, Inc.	FB
Google Inc.	GOOG
Groupon, Inc.	GRPN
LinkedIn Corporation	LNKD
Twitter, Inc.	TWTR
Yahoo! Inc.	YHOO
Zillow, Inc.	Z
Zynga, Inc.	ZNGA



# Utilities Sector

## ELECTRIC UTILITIES INDUSTRY

Company	Ticker
Southern Company	SO
Dominion Resources, Inc.	D
PG&E Corporation	PCG
FirstEnergy Corporation	FE
American Electric Power Company, Inc.	AEP

## GAS UTILITIES INDUSTRY

Company	Ticker
AmeriGas Partners LP	APU
Sempra Energy	SRE
Piedmont Natural Gas Company Inc.	PNY
Integrys Energy Group, Inc.	TEG
National Fuel Gas Company	NFG

## WATER UTILITIES INDUSTRY

Company	Ticker
American Water Works Company, Inc.	AWK
Aqua America, Inc.	WTR
SJW Corporation	SJW
Middlesex Water Company	MSEX
The York Water Company	YORW

