

**2015-2016**

**KNOWLEDGE @ WHARTON HIGH SCHOOL**

**INVESTMENT COMPETITION  
GLOBAL REGIONS**

**GUIDEBOOK**

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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. 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. your teacher/advisor) 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.

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 teams). 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.

To find out more about Jack Abraham, read the Knowledge@Wharton High School article **“Millionaire at 25: Jack Abraham on What It Takes to Be a Successful Entrepreneur”**

## Objective

Over the next 10 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 the Wharton School’s Online Trading and Investment Simulator (“OTIS”). At the end of the 10-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

Your team will be responsible for managing a portfolio of \$100,000 in virtual cash. Your team may be competing against students from your class, as well as students from other schools and investment clubs. At the end of the 10 weeks, you will be required to submit a document detailing your recommended investment strategy. K@W judges will review your final investment policies and select top teams. Those teams will be invited to present their strategies in the Global Wharton Day Finale, either in person or virtually.

## Important Dates

- December 7, 2015: Registration Begins
- January 4, 2016: Trading Begins
- February 8, 2016: Mid-project Team Review Due
- March 14, 2016: Trading Ends
- March 21, 2016: Final Strategy Report Due
- March 30, 2016: Top Teams Notified
- April 29, 2016: Wharton Day Global Finale 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 résumé

# Structure of the Competition

- Competition trading lasts for 10 weeks, with an additional three weeks of optional pre-competition activities, and two weeks of post-competition activities for teams who are in the top 10.
- Teacher/advisor supervision is recommended, but not required
- Teachers may have an unlimited number of teams participate in the competition
- Competitors, both students and advisors, have access to a rich selection of KWHS lesson plans and articles to guide their learning of new concepts and strategies throughout the competition. This involves everything from working in teams and learning to communicate, to understanding diversified portfolios and SWOT analyses. You can find these pages of linked resources at the end of this guidebook under “Additional Resources.”
- Want to find out more about past investment competition finalist teams? Check out the following posts from the KWHS Newsroom: [The Results Are In: Western Trade Wrangles Top Honors](#); [The 2014 Investment Competition Finale Goes Global](#)

## Student Requirements

Students will have three deliverables throughout the competition:

- Mid-project Team Review
- Final Investment Policy
- Presentation (While primarily for top teams, we recommend that teachers still 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 its new stock purchases and rationale. This will help you capture how your strategy developed when you are putting together your 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 main determining factor in who will be selected as Top Analyst. A well-thought-out strategy is essential.

## What Is OTIS?

OTIS is the Wharton School's Online Trading and Investment Simulator. OTIS allows students to apply the concepts of investments and portfolio management in a hands-on learning environment, while working with real-world data without risking real money. After competitors (specifically teachers and student team leaders) register their teams for the investment competition, they will have access to a link under "Game Login" on the 2015-2016 Investment Competition page <http://kwhs.wharton.upenn.edu/competitions/2015-2016-invest/> that takes them directly to OTIS. Once OTIS trading begins on January 4, 2016, they will be able to place trades, build their portfolios and test their investment strategies until trading ends on March 14, 2016. A Video Guide on the 2015-2016 Investment Competition page helps with placing trades on OTIS.

# Getting Started

## Forming a Team

- Each team must have a minimum of four (4) members and a maximum of nine (9) members
- Each team must designate a student leader (see below)
- The portfolio manager (i.e. teachers/advisors) can decide how the teams are formed
- Students should not switch teams once the competition has begun; however, if it is absolutely necessary, then you must make sure that you maintain at least four team members, each responsible for different sectors
- Each team should give some thought to its team name before registering. That name will be your identifier throughout the competition. Have fun with it! Past names have ranged from "The Stock Pros" to "Five Chicks and a Dude." The key is to choose a name and stick with it

## Register for the Competition

The first step is for all teachers/advisors and students involved in the competition to register for Knowledge@Wharton High School at <http://kwhs.wharton.upenn.edu/register/>. Specifically, teachers/advisors and the student leaders of each team will not be able to proceed with competition registration until they are registered users of KWHS. Note: Registration is free and members gain full access to KWHS articles and lesson plans.

## Teachers/Advisors

In order to view all student portfolios, teachers/advisors guiding student-led teams must register for the competition first before their student teams register. If your student team does not have a teacher/advisor, you can proceed with registration as a student. \*Important Note: Teachers/Advisors with one or more teams may NOT register all their student-led teams at once from their accounts. Individual team registrations must be linked directly to student team leader accounts, and therefore team leaders must register their own teams.

## Student Team Leaders

Each team should assign a team leader. The student who registers as the team leader will be sent a welcome letter via email. He or she has sole access to the OTIS investment account and is the only person who is allowed to input trades. The team leader can share his/her login information if he/she desires.

Neither the numbers of teams nor the numbers of students per team affect the outcome of the competition.

# 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 be disqualified if they invest in stocks that are not on the Approved Stock List
  - Stocks are categorized by industry and sector (Example: Sectors: Financials, Industry: Banks, Company: Citigroup, Inc.)
- There are ten sectors, which consist of multiple industries and dozens of stocks:
  1. Consumer Discretionary
  2. Consumer Staples
  3. Energy
  4. Financials
  5. Health Care
  6. Industrials
  7. Information Technology
  8. Materials
  9. Telecommunication Services
  10. Utilities
- 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
- 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

# Mid-Project Team Review

**Due Monday, February 8, 2016**

The mid-project team review will show the judges that each team has a strategy and is following it. It should cover 1-2 pages and be double spaced. Teams who 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

## 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 teams 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 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

# Investment Policy (cont.)

## Section 2: Investment Decision Process (minimum 1-2 pages)

- 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 (minimum 1-2 pages)

- 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 (minimum 1 page)

- 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 (minimum 1-2 pages)

- 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?

# Final Presentation

## PowerPoint Tips

Creating a PowerPoint presentation is more complicated than making a few bulleted lists. Use your slides wisely, and your audience will have no trouble following your idea. Use them poorly, and your audience will be left thoroughly unimpressed or—even worse—scratching their heads.

Keep this tried-and-true sequence in mind when crafting your slides

- Start with an introductory slide: names, company, date, etc
- Grab the audience's attention with your main idea slide
- State your agenda
- Give your supporting points in a logical order
- Conclude with a one-sentence restatement of your main point

Also be sure to remember these tips to make your presentation more appealing to the audience

- Try using sentences as headers instead of singular words or short phrases
- Limit the amount of text you use on your slides
- Choose images carefully and avoid using clip art
- Use graphs in place of tables
- In a well-lit room, use dark text on a light background
- Consistent formatting (fonts, spacing, etc.) implies unity and cohesion

# ADDITIONAL RESOURCES

# Pre-Competition Activities:

## Communication and Leadership

### Discussion Questions

- Are some communication styles more effective than others?
- How do communication styles change in different situations?
- How do people communicate non-verbally?
- How does communication relate 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 need to possess multiple communication styles

### Suggested Lesson Plans

- [Teamwork and Communication](#)
- [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

## Discussion Questions

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

- [Working on Team Tasks](#)
- [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](#)

# Learning Materials: 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?](#)
- [Investing: The Power of Compound Interest](#)

## 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](#)

## 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](#)

# Learning Materials: 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](#)



# Learning Materials: 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](#)

# Learning Materials: 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](#)
- [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?'](#)

# Learning Materials: 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](#)

# Learning Materials: 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 necessarily 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](#)

# Learning Materials: 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](#)

# Learning Materials: 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?](#)

# Learning Materials: Ethics and 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?
- 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](#)

# FAQ



## Registration

### 1. Who can enter a KWHS Investment Competition?

High school students (grades 9-12) are eligible to register for the KWHS Investment Competition. Middle school students and college students are not allowed to participate.

### 2. How do I register my team?

Step 1: All team members should register to become a [KWHS](#) member.

Step 2: Student team leaders should visit our [KWHS Investment Competition Registration](#) page to sign up. Each team can only register for one account.

### 3. Does it cost anything to register with KWHS or to enter a KWHS competition?

No. The KWHS Investment Competition is FREE.

### 4. How do I know that I have registered successfully?

The student who registers as the team leader will receive a welcome letter via email.

### 5. When is the deadline for registration?

January 4, 2016.

### 6. Can I still register to compete past the registration deadline?

We will accept registrations on a case-by-case basis. But remember, a shorter trading time means a weaker final strategy!

### 7. I am experiencing technical difficulties with the online application to the KWHS Investment Competition. Whom should I contact?

Please contact [KWHScompetition@wharton.upenn.edu](mailto:KWHScompetition@wharton.upenn.edu).

# Competition

## 1. When is the Mid-project Team Review due?

February 8, 2016.

## 2. When will the top 10 teams be selected?

Top 10 finalists will be announced on March 30, 2016.

## 3. Who are the judges?

Aberdeen and K@W judges will judge your final policies.

## 4. Can I have fewer than four or more than nine members in a team?

No. We encourage our participating teams to cover as many sectors as they can within the nine-sector scope, which is why you must have at least four members, each responsible for a different sector—thus creating a diversified portfolio.

## 5. Can I switch teams after the competition starts?

For the sake of teamwork and consistency, we ask that students stay in one team throughout the competition. We understand, however, that circumstances may require changes. You can switch teams, and it is not necessary to notify us of the change. We require that you include a list of all team members on your mid-project team reviews and your final policies. This becomes the official record of your team.

## 6. How can I win this competition?

Ideally, we want student teams to begin to understand the world of investing by learning new concepts well enough that you can begin to think strategically and speak the language of investing. Will the portfolio with the highest percentage gain win? Not necessarily. You need to develop and articulate a strong strategy. And we want teams to think creatively. After all, you are a team. How might you create the best portfolio analysis proposal and land Jack Abraham as a client? What sets you and your strategy apart from other teams?

## 7. Who is Jack Abraham?

Read the case study at the beginning of this guidebook.

## 8. Where will the finale be hosted?

The finale will be held at the Wharton School, University of Pennsylvania, April 29, 2016.

## 9. If my team wins the regional competition, will our travel expenses to Wharton be covered?

No. We welcome teams to present their strategies on-site, and we also allow for teams to present in real time over Skype. No travel expenses will be covered at this time.

## 10. What is a team advisor?

A team advisor is your teacher, parent or other educator who guides your team through the competition.

## 11. What is the Approved Stock List?

The KWHS Investment Competition has an Approved Stock List with companies from nine different sectors. Students should trade within this list. Teams that trade outside this scope of that list will be disqualified.

**13. Can I trade outside the Approved Stock List?**

No.

# OTIS

## 1. What is OTIS?

OTIS is Wharton's Online Trading and Investment Simulator that is used for the KWHS Investment Competition to help students place trades and test their investment strategies. OTIS allows students to apply the concepts of investments and portfolio management in a hands-on learning environment while working with real-world data without risking real money. OTIS is currently managed by WRDS, which stands for Wharton Research Data Services.

## 2. How much virtual cash do I get on OTIS?

Each team will be responsible for managing a portfolio of \$100,000 in virtual cash.

## 3. How do I get access to OTIS for the investment competition?

Only teachers and student team leaders have direct access to OTIS. Once you register with Knowledge@Wharton High School and then as a team in the competition, your team name will appear under "Game Login" on the KWHS investment competition page (<http://kwhs.wharton.upenn.edu/competitions/2015-2016-invest/>). That team name is a direct link to the OTIS game simulation.

## 4. I just registered for the competition and clicked on the Game Login link, but I can't place trades...

The 10-week trading period starts on January 4, 2016 and ends on March 14, 2016.

## 5. Why is only my team leader allowed to place trades?

A key component of the KWHS Investment Competition is teamwork and communication. By designating a team leader, students must work together through all the issues of stock selection and strategy development. The team structure is also important to portfolio diversity. Each team member is responsible for a different industry sector, and thus ensures that your team portfolio is diversified.

## 6. Can I change my team name on OTIS?

Students can change their own portfolio names in the "Info and Settings" button in the top right when they log into OTIS. Once they click on that button, they will see the option to change their portfolio name.

## 7. How does OTIS work?

OTIS tracks a myriad of diverse securities, keeping real-time data on positions, trading histories and dividends.

## 8. What security types are traded on OTIS?

All equities in the S&P 500, select international equities, contracts for all four types of futures (commodity, currency, index and interest rate), options on equities, options and futures, all major mutual fund families and all major exchange-traded funds.

**9. Does the KWHS investment competition allow me to trade all securities?**

No. The KWHS Investment Competition only involves the buying and selling of domestic equities, as well as a few international equities. All teams must refer to the *Approved Stock List* for the equities that they are allowed to buy and sell.

**10. What if I trade equities that are not on the Approved Stock List?**

We are monitoring the trades that you make. If you trade outside the scope of the competition, your team will be disqualified.

**11. Does the KWHS investment competition allow margin trading or short selling?**

No.

**12. When I place a trade on OTIS, how quickly does it go through?**

Data in OTIS has a 20-minute delay from real-time. Equity orders placed during trading hours are filled with a delay that mimics the data feed delay and are based on exchange: NYSE, 20 minutes; NASDAQ, 15 minutes. For example, if a user places a trade for KO at 10:00 a.m., the order is filled at 10:20 a.m. at the 10:00 a.m. price.

**13. Does this extend to international equities?**

No. There is more of a time delay on this type of trade – they will go through at the end of the next trading day. If I place a trade for an international equity at 4:30 p.m. on Monday, it will clear at the end of Tuesday. However, if I place a trade for IBM (A U.S. equity) at 4:30 p.m. on Monday, it should clear at 9:50 a.m.-ish on Tuesday (the U.S. stock market opens at 9:30 a.m. EST).

**14. How can I void a stock order that I make in error?**

Contact our team at [KWHSCompetition@wharton.upenn.edu](mailto:KWHSCompetition@wharton.upenn.edu).

**15. I am registered as an advisor for several teams. How can I check that my teams have signed up and are ready to trade?**

When registered advisors log into OTIS, they should be able to see each of the team portfolios that have been created so far and are linked back to them. This is because you are a “silent partner” in each of these teams. The teams use a shared login with a team leader at the helm of the account that places trades. You must contact [KWHSCompetition@wharton.upenn.edu](mailto:KWHSCompetition@wharton.upenn.edu) for a full listing of members on each team.

**16. Does OTIS have an analytics feature?**

OTIS includes a set of analytical tools that students can use to analyze the performance of their portfolios. The Analytics section has a drop-down menu that lists a wide variety of data sets and analysis reports on portfolio performance.

**17. Are winning teams selected based on the growth of their OTIS stock portfolios?**

No. While the OTIS simulator is a valuable learning tool in our competition, your standings have little to do with the final outcome. Winners are selected on the strength and articulation of their overall investment strategies, not on the percentage growth of their portfolios, which is a key differentiator between this investment challenge and others.

**18. Where can I go to learn more about using OTIS?**

You can view the Video Guide on the 2015 Investment Competition page at <http://kwhs.wharton.upenn.edu/competitions/2015-2016-invest/> . The OTIS section begins around 1:15. If you encounter any technical problems or have general questions, you may contact [KWHSCompetition@wharton.upenn.edu](mailto:KWHSCompetition@wharton.upenn.edu) and she will relay your questions to the OTIS team.

## Other

**1. Does participation in the KWHS Investment Competition give me an advantage when applying to Penn and Wharton?**

While we encourage you to talk about your participation in the competition as you prepare for your life after high school, especially if it is a favorable experience—no, your participation does not give you an admissions advantage.

**2. Will I receive a certificate if I win?**

Yes, the top finalist teams will be honored with a certificate.