

The Henry Fund Spring 2020-Fall 2020

Call for Applications

The Department of Finance is accepting applications for the 2020 Henry Fund research team. The Henry Fund provides a forum for select students to develop equity research and portfolio management techniques while serving as managers for the Henry Fund, an \$11.5 million endowed equity portfolio. This two-semester program fulfills the experiential learning component for Master of Finance (MFin) students.

The program prepares students for a variety of finance-related internships and careers, including equity research, investment banking, portfolio management, credit and financial analysis, wealth management, mergers and acquisitions, investor relations, venture capital, and corporate finance. Each Henry Fund analyst specializes in one economic sector, providing an opportunity to gain a deep understanding of company, industry, and economic value drivers.

The Henry Fund program is open to full-time Master of Finance (MFin) students. The number of students admitted to the program will depend on the quality of the application pool. No prior finance or investments experience is required to apply for admission. Successful candidates will likely exhibit excellent communication skills, strong analytical ability, a broad understanding of the economy, and a willingness to work very hard. The program is very time consuming and candidates must be highly self-motivated.

Acceptance into the Henry Fund requires a two-semester commitment (FIN:9250/9260 Applied Security Analysis I-II, January-December 2020). Students admitted to the Henry Fund will also enroll concurrently in FIN:9150 Financial Modeling and Firm Valuation during the spring 2020 semester.

The spring semester (FIN:9250) focuses on developing a framework for security and portfolio analysis, acquiring valuation skills, and preparing for summer internships. Analysts must complete at least three original research reports each semester. Students also must monitor their assigned sector throughout the summer. The fall semester (FIN:9260) builds a deeper understanding of portfolio analytics, expands the research portfolio, improves valuation techniques, and further enhances communication skills. Participation in the fall semester is contingent upon each student's successful completion of the spring semester, defined as earning a grade of "B+" or higher in FIN:9250. Students should leave the program with a developed research portfolio and prepared to begin their career search. Henry Fund students who target an investments career are also encouraged to enroll in the CFA program (www.cfainstitute.org).

The following pages provide specific details for the application process. Candidates must know and adhere to all rules and application procedures. Failure to abide by any of these requirements, rules, or deadlines may result in the rejection of your application.

Application Deadline

December 2, 2019 (Monday)
1:00 p.m.
Department of Finance, S252 PBB

This deadline is strictly enforced. Candidates must submit all required written and electronic materials to the Department of Finance by the stated deadline.

Required Application Materials

1. **Hard Copy of Written Materials** (due 12/2/19, 1:00 p.m., Dept. of Finance, S252 PBB):
 - a. **Cover Page**
 - b. **Updated Resume**
 - c. **Tippie and or prior institution grade report**
 - d. **Research Report for the Kraft Heinz Company (KHC)**
2. **Electronic Copy of Research Report** (via email attachment to henry-fund@uiowa.edu by 1:00 p.m., 12/2/19)
3. **Investment Presentation** (Tues., Dec. 3 or Wed., Dec. 4, times to be determined)
4. **If selected for the fund, attend Henry Fund Board presentations (Fri., Dec. 6, 10:00-3:00, S401 PBB)**

Cover Page:

Attach a single (one-page) cover page to the written materials with the following information:

- Name
- Current contact information (address, University e-mail, and phone number)
- Top 4 economic sector preferences from among the following 11 choices:

Materials	Consumer Discretionary
Consumer Staples	Energy
Information Technology	Financial Services
Communications	Industrials
Health Care	Utilities
Real Estate	

S&P 500 GICS sector definitions are available from www.standardandpoors.com. For students admitted to the fund, we use these preference rankings to assign economic sectors. Candidates with a strong preference for a particular sector may provide a brief explanation of why they would prefer to work with a specific industry.

- A statement of how participation in the Henry Fund will benefit your career objectives.

Resume:

Include an updated, one-page resume. We consider resume experiences when assigning candidates to economic sectors as well as to identify candidates with specific skill sets that may benefit the fund.

Grade Report:

Candidates should include a copy of their University of Iowa or previous academic institution grade report highlighting grades. This document does not need to be an official transcript. A printout from the registrar's website is acceptable.

We expect that Henry Fund candidates will show successful progress across the first-semester curriculum. In addition to reviewing grades, the selection committee reserves the right to discuss and verify your performance, class participation, and attendance with course instructors and Masters of Finance program staff members.

Research Report:

Prepare an original equity research report for the **Kraft Heinz Company (KHC)**. This report must adhere to all of the following rules and guidelines. Failure to follow any rule may result in the disqualification of your application.

- The report must be *entirely the original work of the applicant*. Applicants may *NOT* communicate or solicit assistance from any current or former Henry Fund analyst, Krause Fund student, financial professional (analyst, money manager, etc.) or professor regarding this project.
- The first page of the company analysis must clearly state the candidate's investment recommendation ("BUY" or "SELL" only; no "HOLD" recommendations allowed) and short-term (6-12 mo.) target price.
- All reports are double-blind reviewed. Thus, your name should *NOT* appear anywhere on the body of the company report.
- The report may contain **no more than 3 pages of single-spaced text** using a font no smaller than 11-point Calibri and standard 1" margins. Candidates may attach as many additional supporting spreadsheets, figures, tables, and exhibits as necessary; however, each of these exhibits must be referenced in the text. Reports should be printed in black and white (no color exhibits) and bundled with a single staple. No binders, coil bindings, or glossy covers.
- Source citations must be properly referenced and clearly stated *throughout the report*, rather than just listed at the end of the document.
- Applicants may use only publicly available resources or those resources available to all Tippie students to prepare the report. Although a number of security analysis textbooks are available, a couple of beneficial resources include:

Valuation: Measuring and Managing the Value of Companies, by Tim Koller, Marc Goedhart, and David Wessels (McKinsey and Company, Inc.), sixth edition, c. 2015, J. Wiley & Sons, Inc. (Chapters 8-16)

Corporate Valuation: An Easy Guide to Measuring Value, by David Frykman and Jakob Tolleryd, c. 2003, Prentice Hall-Financial Times.

Security Analysis on Wall Street: A Comprehensive Guide to Today's Valuation Methods, by Jeffrey C. Hooke, c. 2010, J. Wiley & Sons, Inc. (Chapters 5-7)

- Applicants should NOT attempt to recreate Henry Fund reports or professional sell-side research reports. As such, candidates should develop their own style and focus on the ideas most important to their investment thesis.
- Individual analyst reports are evaluated based on the strength of the written analysis, including writing quality, communication skills, economic analysis, industry analysis, company analysis, investment thesis, and overall investment forecasts. Although some candidates may find their evaluation of the company benefits from including some supporting financial analysis, a successful report does not necessarily require extensive valuation models. Rather than simply presenting historical facts and data, candidates should focus on the investment positives or negatives facing the company. The selection committee is especially interested in the specific forecasts and investment outlook presented by each candidate.

Electronic Submission:

In addition to submitting a printed copy of the research report, candidates also must provide an electronic (Adobe PDF) version of their report by the stated deadline (report only, not the resume or cover letter). Email the file as an attachment to henry-fund@uiowa.edu.

The selection committee reserves the right to process these reports via an anti-plagiarism tool such as turnitin.com. Any identified case of plagiarism or code of conduct violation will be reported as a violation of the Tippie Honor Code.

Investment Presentation:

Upon submission of the final research report, candidates will also be required to give a brief presentation of their research to an investment panel of finance faculty and current Henry Fund analysts. These presentations will take place on Tues., Dec. 3, 2019 (and possibly Wed., Dec. 4, 2019) at a time and location to be announced. These presentations must adhere to the following rules:

- Candidates are allowed no more than three (3:00) minutes for the presentation. This time limit is strictly enforced.
- The initial presentation is followed by 5-6 minutes of questions from the panel.
- Candidates electing to use PowerPoint must submit their presentation file via email (henry-fund@uiowa.edu) by 9:00 a.m. on Tuesday, Dec. 3, 2019. Presentations will be pre-loaded as you enter the room.

Henry Fund Advisory Board Presentations:

All candidates selected to the Henry Fund are required to attend the fall Henry Fund advisory board meeting on Friday, December 6, 2019 from 10:00 a.m. – 3:00 p.m. in S401 PBB.

Selection Process:

Research reports submitted for the 2020 Henry Fund application are double-blind reviewed by a committee of at least three (3) Tippie College of Business faculty. When reading these reports, the selection committee will not know the identity of any applicant until after completion of the review. The results of this blind review will determine the first screen of the final candidate pool.

The individual investment presentations will provide a second filter to the selection process. The presentation evaluation panel consists of finance faculty, MFin staff, and current members of the Henry Fund research team. (Current Henry fund students will participate on the presentation panel, but they will not have a formal vote in the team selection.)

The final step in the team selection considers each candidate's personal background, resume, interactions with Masters of Finance program staff, and academic performance. This information is used for borderline selection decisions as well as to assign final sectors to candidates admitted to the Henry Fund. Performance in the Managerial Finance course is particularly important in the selection process, and we expect students admitted to the Henry Fund to earn a "B+" or higher in this course. The committee must also consider our fiduciary role as managers of the University of Iowa Foundation's assets in this selection process.

The finance department DEO will independently review the overall selection process for fairness and consistency. Reports and applications will not be returned. Individual feedback will not be provided. All decisions of the selection committee are final. The finance department DEO will address any and all complaints regarding the application or selection process.

Henry Fund selections will be announced before the end of the fall semester to allow time for final course registration decisions. Economic sector assignments will be announced at this time as well. If selected, there is no guarantee that you will be assigned the sector of your choice. All sector assignments are final.