Mayer Fund Background

• Overview
  – The Mayer Fund is a student-managed investment fund with over $3 million under management

• History
  – Started in 1993 by William Mayer, the then Dean of the business school, with $250,000
  – Grown over the years through capital appreciation and outside contributions. Bill Mayer is one of the contributors

• Current Fund
  – 10 select second year MBAs run the fund using a top down investment approach
  – Every Portfolio Manager and Analyst develops financial acumen and benefits from the unique academic and professional opportunities available to Mayer Fund members
Objectives

• Achieve long-term growth of capital
• Maximize risk adjusted return
• Educational benefits for members
  – Experiential learning real world application of stock selection, equity analysis and portfolio management
• Enhance the reputation of the Smith School
  – Meetings with Wall Street and local finance professionals
  – Employment with world-class companies
• Provide a 4.5% annual dividend to Smith School
Approach and Organization

• Investment approach and strategy
  – “Top down” approach
  – Growth at a reasonable price (GARP)
  – Modeling intensive
  – Process driven

• Organization and culture
  – Run by a select group of second year MBA students
  – Selection based on analytical ability, knowledge of the capital market, passion for finance and most importantly the ability to work with others
• Analyze the macroeconomic environment and trends
• Develop and implement a macro viewpoint
• Use the viewpoint to guide industry and sector outlooks
• Drill-down to select best securities in each sector
Each year, the Mayer Fund attracts the top students from the MBA program to manage its $3 million+ portfolio.
Structure of the Fund

• Two Portfolio Managers
• 8-10 Sector Analysts
• Analysts make four pitches over their tenure, one per term
• Buy / sell decisions must be unanimous (unique to the fund)
• New class fiscal year starts April 1st
• New class takes over fund in mid May
• Weekly updates still made over the summer
Portfolio Manager Responsibilities

- Market commentary
- Lead sector weighting decisions
- Facilitate buy / hold / sell decisions
- Track performance
- Run meetings
- Oversee brokerage accounts
- Budgeting responsibilities
- Manage external relations
- Administrative items

December 8, 2015
Analyst Responsibilities

- Evaluate and monitor sector
- Track industry trends and current events
- Screen industry for potential buying opportunities
- Develop DCF and relative value models to value companies
- Make buy / hold / sell recommendations
- Pitch investment ideas
Performance Summary

Annualized Performance

- Mayer Fund’s performance near S&P 500 over long-term
- Gap vs. benchmark has increased during last 12 months

<table>
<thead>
<tr>
<th>Time Horizon</th>
<th>Mayer Fund</th>
<th>S&amp;P 500</th>
<th>Dow</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-year</td>
<td>4.11%</td>
<td>0.25%</td>
<td>-1.66%</td>
</tr>
<tr>
<td>3-year</td>
<td>15.61%</td>
<td>13.85%</td>
<td>10.59%</td>
</tr>
<tr>
<td>5-year</td>
<td>11.42%</td>
<td>11.10%</td>
<td>9.13%</td>
</tr>
<tr>
<td>10-year</td>
<td>5.85%</td>
<td>5.16%</td>
<td>4.94%</td>
</tr>
</tbody>
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Class of 2015 Return vs. S&P 500

5-Year Return vs. S&P 500

10-Year Return vs. S&P 500

December 8, 2015
Typical Mayer Fund Member

- Enthusiastic, motivated to be on the Fund
- Dependable
- Team player
- Analytical thinker
- Effective communicator
Program Benefits

- Attractive experience to employers
- Exposure to a real-life asset management environment
- Financial modeling skills
- Opportunities to network
- Surrounded by really smart and ambitious people in a collegial setting
- Six credits during second year
- Hone communication and pitching skills
The combination of challenging quantitative analysis and presenting a business case make the Mayer Fund an experience like no other at Smith.

I've built personal and professional relationships in the Mayer Fund that will last a lifetime.

The Mayer Fund has given my the confidence to overcome the obstacles I will face post-graduation.

The Mayer Fund has been the highlight of my business school experience.

I thought my modeling skills were good before the Mayer Fund. I was wrong.

Trying to convince a group of your skeptical peers that you understand the markets is the best career preparation I've had.

MF IS the main reason I chose Maryland. MayerFund\textsuperscript{FinanceKnowledge\times MBA} = Great Paying Job

Great opportunity for experiential learning within the confines of a collegiate environment where members push each other towards achieving a collective success.

Having the opportunity to manage a sector for a multi-million dollar endowment fund was one of the reasons why I chose the Smith School.
Requirements

• Completed core and on track to graduate by May 2017
• Take BUFN 760 Applied Equity Analysis during 2nd semester of 1st year or 1st semester of 2nd year
• Be available during the day when team meets (twice a week during the day)
• Commit 14 months to the Fund (from March 2016 through May 2017)
  – Make effort to attend meetings with current members starting in March
  – Participate in the End of Year presentation in May 2016
  – Manage the Fund during the summer of 2016
• Submit application and interview in Jan/Feb 2016
Application

• Cover Letter
  – Brief background/experience
  – Reasons why you want to be in the Mayer Fund

• Stock Report (No more than three pages typed, not including exhibits)
  – Economic Overview
  – Industry Analysis
  – Company Selection & Analysis

• Honor Code (honor violations forwarded to honor committee)

Tips for stock report by Warren Buffet:
"I never buy anything unless I can fill out on a piece of paper my reasons. I may be wrong, but I would know the answer to that. “I’m paying $32 billion today for the Coca Cola Company because…”"
Application

• Resume
• Copy of Current Transcript
  – Unofficial printout from web is acceptable (must have all of your fall semester grades on it)
• List of Finance Electives (current and future expected)
• Sealed Envelope with your fund preference (If you apply to both the Mayer and New Markets funds, you must make a selection in case you are accepted to both.)

**Deadline:** Friday January 29, 2016 at 9AM*

*Email all files except preference to mayerfund@rhsmith.umd.edu
*Subject Format: First_Last_Mayer_Fund_Application
*Put the Sealed Envelope under the door of Sarah’s office (VMH 4463)
Interview

• Held on a Friday or Saturday (February 5 or 6, 2016)
• Lasts about 90 minutes
• Three separate interviews
  – Technical
  – Macro-economic and market
  – Behavioral
• Purpose is to assess:
  – How serious you are about being on the Fund
  – How well we think you’ll get along with the other members
  – How well you think analytically
  – How well you communicate
Timeline

• Application Due: Friday, January 29, 2016, 9:00AM
  – Email all files except preferences to mayerfund@rhsmith.umd.edu
  – Slide preferences under the door of Sarah’s office –4463 VMH
  – We will email you to confirm receipt

• First Round Selections: Wednesday, February 3, 2016
  – Decisions will be emailed

• Interviews Held: Either February 5th or 6th (Fri. or Sat.)
  – Various 90 minute time slots (behavioral-market-technical)
  – Team will announce which day interviews will be held once finalized

• Final Selections: Friday, February 12th, 2016
  – Decisions will be emailed
Words of Advice

• **Start early!**
• Analysis should be qualitative and quantitative
• Be aware of dates and times, conflicts and deadlines.
  – Incomplete or late applications will impair your ability to be on the fund
  – Early submissions are welcomed
• Come prepared for interviews: behavioral, technical, markets
• Be informed, know what’s going on in the markets (read the WSJ or your finance publication of choice), understand macro-economic factors, and have a viewpoint
• Be confident, we are looking for people who defend their arguments, show their knowledge, and sell themselves
Q&A

E-mail: talel.aissi@rhsmith.umd.edu