

# PORTFOLIO REVIEW INSTRUCTIONS

TAMID's Global Fund Committee has decided to implement a systematic portfolio review process. As of Spring 2024, the number of securities in the portfolio stood at 68. The high number of securities necessitates a monitoring process that incorporates all TAMID chapters.

Each chapter will be assigned two to three securities in the portfolio that they are responsible for covering. Each chapter will submit a report that recommends a hold or a sell position. An example report has been provided and is discussed in more detail in the Portfolio Review Best Practices section of this guide.

In January 2025, a summary report will be distributed to all chapters and TAMID stakeholders containing information on the portfolio's returns, chapters' reviews, and stock pitches that qualify to have their trades executed. By reporting this information, TAMID's Global Fund Committee will give chapters more visibility into how the portfolio is performing and the effect of their work on investment decisions. We hope that by demonstrating that TAMID has solid portfolio management practices in place, we can grow the AUM through further cash investments.

Note that while the stock pitches and investment banking pitches are optional, each chapter is **required** to submit a review for their assigned stocks. It is recommended that chapters let members pursue their interests and give them a choice between working on stock pitches, other pitches, and the portfolio reviews.

## Portfolio Review Schedule:

- Chapter coverage will be assigned on **August 31st, 2024**. Each chapter's coverage will be shown in the [Live Global Portfolio Tracker](#). Note that multiple chapters may be assigned to the same security.
- Portfolio reviews will be due **November 22nd, 2024 by 11:59 pm**. Chapters will submit their reviews through the following form: [TAMID Portfolio Review Submission Form](#)
- Feedback on the portfolio reviews will be released throughout December 2024.

# PORTFOLIO REVIEW BEST PRACTICES

An example review and accompanying financial workbook for chapters to download and use as a template can be found here: [Report Template](#), [Financial Summary Template](#). **These templates are built in Microsoft Word. You should not use Google Docs to edit them. As you will see on the first page, Google Docs has changed the formatting due to compatibility issues. Download the files as .docx documents and edit them using Microsoft Word and Excel.** TAMID wishes to continually improve the template over time. If you have any suggestions or edits for the templates, please do not hesitate to send them to [fund@tamidgroup.org](mailto:fund@tamidgroup.org) or Maddie cush at [cush.m@northeastern.edu](mailto:cush.m@northeastern.edu).

## **Portfolio Review Structure**

**Company Details:** The portfolio reviews are not required to contain background information on the company besides the information in the right margin of the example template. However, chapters should develop a deep understanding of the company in order to form a hold or sell recommendation. Note that the cost basis can be sourced from the [Live Global Portfolio Tracker](#).

**Recent Developments:** Analyze recent events and financial reporting. Hone in on the items that have had the greatest effect on the stock price. Include a discussion of recent financial performance and items that have been mentioned in the latest earnings calls. Your analysis of the recent developments should set the stage for your investment recommendation. Focus on developments that have occurred either after the company was added to the portfolio (if the date is available) or after the last portfolio review.

**Recommendation:** Give a hold or sell recommendation and provide justification. You should refer to the original investment thesis from when the securities were added to the portfolio if the deck is available. Look for evidence that confirms or contradicts the thesis. Your recommendation should include a brief discussion of the stock's valuation and a price target. Because there are only two recommendations, the "hold" recommendation should reflect a favorable view of the stock and the "sell" recommendation should reflect a negative view of the stock. As cash is freed up in the portfolio, TAMID may consider adding a "buy" recommendation which would imply that TAMID should increase its position in the security.

**DCF:** You should include a DCF in your portfolio review. If your chapter has already done a portfolio review for the assigned security, then simply update the financials and any market data. Make sure each of your projections in your DCF relates to your recommendation and your analysis of recent developments.



**Comps:** Each review should include a comparable company analysis. The financial statistics shown in the example template can be sourced from CapIQ. At a minimum, your comps table should show revenue growth metrics, gross margins, EBITDA margins, net income margins, and the multiples that you find appropriate to value the company. In the financial summary Excel sheet, many possible line items are shown. It is recommended that you download each of the line items from CapIQ and simply hide the rows that you do not plan to include in your report. By setting up a custom template on CapIQ, each of the rows can be pulled fairly easily. A share price calculation is included off the print range on the comps page. If data on option exercise prices is available, chapters should create a fully diluted shares outstanding schedule on the “Diluted SO” sheet. More information on fully diluted shares outstanding can be found [here](#). If no data is available, then the weighted average fully diluted shares outstanding from the most recent quarter in the latest 10-Q can be used. Alternatively, you can use Aswath Damodaran’s diluted shares outstanding method which is explained in detail in Week 9 of the Educational Curriculum. Chapters should use the implied share price from their comps analysis and their DCF to recommend a target price range.

**Financial Summary and KPIs:** Include relevant income statement data as well as KPIs. Make sure to include Non-GAAP measures not found on the income statement as well as GAAP measures. Include relevant growth rates and margin information. KPIs will likely have to be sourced from the company’s 10-Qs, 10-Ks, earnings presentations, and press releases, as they are unlikely to be found on CapIQ or other data aggregation platforms. The KPIs will be company dependent. Make sure to read the relevant documents to include the KPIs most emphasized by management. To illustrate, for Carvana, those numbers primarily pertain to their vehicle sales. For Salesforce, the data includes Non-GAAP operating margin, revenue growth by product, and Non-GAAP sales and marketing expenses as a percentage of revenue. For Lululemon, the KPIs and selected financials may include comparable store sales growth, e-commerce revenue as a percentage of total revenue, number of stores, and new stores. Show data on a yearly basis and on a quarterly basis so viewers can analyze near-term and long-term trends. Your compilation of information may also inform the elements you choose to include in recent developments. If you see large changes in a particular revenue segment, you should analyze management’s commentary on these changes to determine whether this development has had a material impact on investors’ view of the company.

**Appendix:** Provide the income statement, balance sheet, and cash flow statement in the format of the example. Provide annual, quarterly, and LTM information. Also provide business descriptions of your comparable companies, which can be sourced from CapIQ.



## PORTFOLIO REVIEW FEEDBACK

In order for a portfolio to be approved, a report and financial summary Excel sheet must be submitted through the [TAMID Portfolio Review Submission Form](#). Each of the reviews are **required to include** security details, recent developments, a recommendation, a valuation (DCF and comps), and a financial summary and KPIs, all of which are demonstrated on the portfolio review example template accessed through these links: [Report Template](#), [Financial Summary Template](#). As stated above, **USE THESE TEMPLATES IN MICROSOFT WORD AND EXCEL ONLY.**

Teams will be notified within a month whether their recommendation has been approved by the Global Fund Committee. Each of the approved reviews will appear in the summary report distributed to all chapters at the end of January.

### **Scoring**

Unlike the stock pitches or other pitches, portfolio reviews will only receive a binary score indicating whether their trade was executed. The status of the review will be determined by the criteria outlined below.

### **Key Assessment Criteria**

Teams will receive feedback on the following areas:

- **Understanding of the Company:** Does the review include relevant recent developments? Do the recent developments indicate whether the company is on a positive or negative trajectory? Is it clear that the review creators read all the relevant documentation, including press releases, earnings calls, investor presentations, and SEC filings? Are all the required elements specified by the template and best practices above included in the review?
- **Compellingness of the Recommendation:** Is the recommendation supported by robust qualitative and quantitative evidence? Is the conclusion logical based on recent developments and other information contained in the report? Is the price target supported by a high-quality valuation analysis?
- **Professionalism:** Is the review formatted well? Are the financial statements spread properly in Excel? If a third-party was reviewing the report, would the formatting detract from the message by conveying that the report was made with a lack of care?

Any questions or suggestions on the portfolio reviews or TAMID's Fund and Finance Program can be directed to [fund@tamidgroup.org](mailto:fund@tamidgroup.org) or Maddie Cush, [cush.m@northeastern.edu](mailto:cush.m@northeastern.edu)

