

## Professional Standards

As stated in the course syllabi, all assignments, with exception of handwritten math proofs and things of that nature, must be prepared in the form of a professional report. The overview for this is on the course syllabus. We are providing additional information for your convenience. We want you to succeed in the class, and in life; unfortunately or not, others judge by appearance, so one must be prepared to make good initial, interim, ongoing, and final impressions.

## Guidance

In general, if you have doubts regarding the acceptability of your report, compare it to good examples. See any published document put out by any reputable, for-profit company. Although sometimes white papers and so forth may have content/format errors, in general management does not permit release of sub-standard documents. Also, see other guidance in the submission standards.

1. Submission.
  - 1.1. Please follow all instructions in the general policy section of the syllabus and website. This includes hard copy in at class time, and soft copy upload to Canvas, and proper formats of reports and attachments.
  - 1.2. If both copies are not provided timely, the assignment will receive no grade until the late assignment deadline is passed, then it will receive a grade of zero. It is NOT the instructor(s)' or TA's responsibility to check this for you.
  - 1.3. Remember that the instructor(s)' or TA's will in almost all cases be unable to print out emailed or soft submissions.
2. Professional Standards. Please follow all instructions in the applicable section(s) of the syllabus and on the website.
3. Report Format. With a few exceptions (e.g. QFA or TWF<sup>1</sup> questions), assignments should be treated as a single report rather than a series of questions. The basic science template works really well:
  - 3.1. State the Problem<sup>2</sup>. What exactly is being addressed (e.g. "In this report, we investigate the CAPM with regard to...")
  - 3.2. Explain the Hypothesis. For background, explain what you expect to see and why (e.g. "Fama and French introduced their 3-factor model to...")
  - 3.3. Outline the Methodology. For EVERYTHING you did (e.g. "We regressed  $(R_i - R_f)$  on  $(R_m - R_f)$ "). If using WRDS/CRSP/COMPUSTAT/Factset, etc., you MUST indicate which data frequency and variable you use; this will result in a ½ grade reduction if not done. It is usually good to do this in footnotes or an appendix.
  - 3.4. Organize and Fine-tune the Results. This holds for outputs, statistical analysis (e.g. "Results of the regressions are presented in Table 2.")
  - 3.5. Provide a Discussion. Comment on what you did, why you did it, and what you found (e.g. "We chose to use RET instead of RETX or PRC because..." or "The assumption of

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<sup>1</sup> Note that acronyms should be spelled out on first usage; this should have read "Quantitative Financial Analytics (QFA) or Thompson, Williams & Findlay (TWF)".

<sup>2</sup> Note that the footnote number "2" is underlined in the text above; this is wrong and should be fixed prior to submission.

homoscedasticity is invalid in this case because...”). These don't need to be section headers, but working through it in this order helps you hit everything needed in the assignments, even in reviewing something like company financial statement documents.

3.6. Additional things to watch.

3.6.1. Poor English. If your report exhibits poor English, spelling or grammar, you will have 20% deducted from the overall earned score. This usually amounts to one letter grade.

3.6.2. **DO NOT SUBMIT REPORTS IN LANDSCAPE MODE**, unless you use columns; even then, it is unprofessional and is not generally encountered in the real world except in Powerpoint presentations. If you do not know what landscape mode is, please look it up.

3.6.3. References/citations, notes, and appendices. You **MUST** include code used in one appendix, although in some cases it may be distributed in the text.

3.6.4. For longer reports, you should include a table of contents (TOC). **DO NOT** include a TOC for reports under 10 pages.

4. If using CRSP/COMPUSTAT, you **MUST** indicate which variables you used in your analysis, and whether using quarterly, annual, or daily data. (See 3.3 above.) These should normally be put in an appendix.
5. If using Bloomberg, Factset, Capital IQ, or any other data system, also indicate your variables/ticker.
6. If you are calculating any of your own ratios/statistics, please indicate the formulas, methodology, and variables.
7. You must provide a coverage analysis for all variables used (or **NOT** used, if excluded because of poor coverage). E.g., we have MKTVAl data for 87% of all companies.
8. State any assumptions or simplifications.
9. State any known limitations or modifications to the data
10. Avoid Various Format Foibles:
  - 10.1. Although mathematically it is more consistent to use numbers like 0.025, in reports you **MUST** use percents expressed as x100%, i.e., 2.5%. Similarly, 0.003050001 is 0.31%; use no more than 2 significant digits in your final numbers. Of course, if you violate the x100% rule, then you would need to use 4 digits.
  - 10.2. - Please use proper font size, **NEVER** less than 10 points. (This is really bad.)
  - 10.3. - **DO NOT USE PROPORTIONAL FONTS FOR CODE LISTINGS.** (This is a good non-proportional (fixed) font)
  - 10.4. The following example shows some rather fine points of distinction in presenting tabular information; we request that you use the last panel format for your tables.

See how crummy it looks:

```
0.713 -0.309 0.824 0.331 0.333
0.560 2.239 -0.643 1.578 1.265
-0.805 -0.776 0.386 -0.254 0.366
1.351 1.714 -0.451 0.903 0.202
```

versus a non – proportional font:

```
0.713 -0.309 0.824 0.331 0.333
0.560 2.239 -0.643 1.578 1.265
-0.805 -0.776 0.386 -0.254 0.366
1.351 1.714 -0.451 0.903 0.202
```

versus a Excel paste (ugly because of the table features):

```
0.713 -0.309 0.824 0.331 0.333
0.560 2.239 -0.643 1.578 1.265
-0.805 -0.776 0.386 -0.254 0.366
1.351 1.714 -0.451 0.903 0.202
```

Versus an Excel paste as IMAGE (WYSIWYG, but ugly because of grid in Excel 2007):

0.713	-0.309	0.824	0.331	0.333
0.560	2.239	-0.643	1.578	1.265
-0.805	-0.776	0.386	-0.254	0.366
1.351	1.714	-0.451	0.903	0.202

versus an Excel paste as images WITHOUT the grids!

```
0.713 -0.309 0.824 0.331 0.333
0.560 2.239 -0.643 1.578 1.265
-0.805 -0.776 0.386 -0.254 0.366
1.351 1.714 -0.451 0.903 0.202
```

11. Graphics. Part of preparing a professional report is the proper and skillful use of graphics to convey quantitative information. There is a vast literature on this topic. You will almost never get a decent graphic first time out of a graphics program, you will have to modify it for appearance and clarity.

The following spring length regression (Hooke’s law) was performed using Excel; the first graph is the default output, the second is the result of adjusting various features of the graph. The first graph would not be acceptable for our reports, the second would be a good example for what to include for a graphic in a report.

