Dillard College of Business Administration

SYLABUS: Student Managed Investment Fund
FINC 4933/5933 Fall 2012
Thursday 7:00 pm -- 9:50 pm

Instructor: Dr. Qian Li, CFA, Associate Professor in Finance
Classroom: DB 186 (STAR Lab)
Office: DB 205
Phone: 940-397-4711
Office Hours: TT: 2:00 PM - 5:00 PM;
W: 11:00 AM - 12:00 PM; 1:00 PM - 4:00 PM; or by appointment
E-mail: qian.li@mwsu.edu

Required Materials and Accessory


Supplemental material will be available on Blackboard.

Recommended reading list:
The Intelligent Investor, by Benjamin Graham, revised edition;
A Random Walk Down Wall Street, by Burton G. Malkiel, 10th edition;
The Wall Street Journal;
The Economist

Blackboard Access:
We will make extensive use of Blackboard (http://distance.mwsu.edu/webct.asp). Make sure that you have access to this course on Blackboard. From Blackboard you will see this syllabus, supplemental materials, important announcements and a message board where you can communicate with other students, etc. However, email contact with the instructor will NOT be through Blackboard. Instead, you should send your email to qian.li@mwsu.edu

Prerequisite
Undergraduate students need to have a B or above in FINC 4733 (Investment) to be eligible for FINC 4933. Graduate students need to have a B or above in FINC 4733 or FINC 5733 (Investment) to be eligible for FINC 5933.

Application is required. Admission to this course is subject to approval by the Faculty Advising Committee of the Dillard Security Trading and Research Fund.
Course Overview

A. General Learning Goals:
Upon successful completion of this course, students should:

- **Problem solving and decision making abilities through the critical analysis, evaluation, and interpretation of business information:** Students will demonstrate problem solving and decision-making ability as they synthesize information from different angles to analyze topics such as firms’ financial conditions and valuation, and make investment recommendation and decisions. Grades on analysis reports are partially based on the appropriateness of student’s qualitative and quantitative analysis.

- **Utilization of available technology for common business applications:** Students will conduct investment analysis using tools such as MS Excel. In addition, students will learn how to use Bloomberg Terminal to collect market and financial information. Grades on analysis reports are partially based on the effectiveness of student’s use of Excel and Bloomberg Terminal.

- **Team building and collaboration to achieve group objectives:** Students will work in teams as they gather information, make investment decisions, and evaluate fund performance. Grades in fund performance reports are partially based on student’s ability to work in a team.

- **Developing a competency in speaking and writing for common business scenarios.** Each student will make several presentations in class about particular sectors/industries and individual companies/stocks. Students will also be expected to deliver a formal report and presentation about the fund performance to the college at the end of the semester. Students will be graded on the quality of their writing and oral speaking skills and the effectiveness of their presentation.

B. Course Specific Learning Goals:
This course provides an opportunity for students to participate in the management of DCOBA’s Student Managed Security Trading and Research (STAR) Fund. Upon successful completion of this course, students should be able to:

1) Explain the importance of an investment policy statement;
2) Carry out common stock valuation and selection;
3) Determine asset allocation and diversification in a portfolio context;
4) Summarize and evaluate portfolio performance.

Grading and Evaluation

Evaluation of student performance will be conducted by means of written reports, presentations, participation in classroom discussions, and attendance.

**Analyst Report and Presentation**
Each student is required to prepare individually an analyst report for each stock he/she selects for the fund portfolio and present the report to the entire class on the scheduled date. Students are required to email their analyst reports, including all supporting materials, to the instructor AND all STAR members at least one day before the scheduled presentation date.
Portfolio Evaluation
The holdings of the Fund will be evaluated three times during this semester: at the beginning of the semester, at mid-semester, and at the end of the semester. Students are required to work as a team and consider the allocation/diversification of the portfolio and latest market developments to make recommendations regarding whether to continue to hold an existing stock, to sell an existing stock, or to set new parameters such as target price or stop loss price on an existing stock. The actual adjustments of the holdings of the Fund will be based on recommendations accepted by the class and the instructor.

Portfolio Performance Evaluation
Students are required to work as a team to prepare a performance evaluation report for the fund portfolio from inception to the market close of November 29, 2012. A formal presentation on fund performance, with updates from Nov 29, 2012, will be delivered by the class to the Faculty Advising Committee and DOCBA administration on Dec 6, 2012. Students are required to email the performance report to the instructor at least four hours before the scheduled presentation time.

Participation:
Student participation is essential for this course. A student’s grade on participation depends on whether the student performs his/her duties as a manager of the Fund seriously and professionally. Participation grade depends on the following factors:

• Attendance, including attendance for other students’ presentations;
• Performance on raising and answering questions in class, including questions during other students’ presentations;
• Diligence in preparing the required documents, making presentations, and making buy/hold/sell recommendations;
• Collaboration with other students;
and
• Submission and distribution of requested documents before deadline

Students with outstandingly good participation can earn up to 20 points of participation grades, while students that seldom participate or are disruptive to class may get zero participation grade. There is no guarantee that a student attending every class will automatically receive the full credit of class participation.

Grading Schedules: In general, the following grading schedules will apply:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Description</th>
<th>Component 1</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 - 90%</td>
<td>A (excellent)</td>
<td>Analyst Report I</td>
<td>20%</td>
</tr>
<tr>
<td>89 - 80%</td>
<td>B (above average)</td>
<td>Analyst Report II</td>
<td>20%</td>
</tr>
<tr>
<td>79 - 70%</td>
<td>C (average)</td>
<td>Portfolio Evaluation</td>
<td>20%</td>
</tr>
<tr>
<td>69 - 60%</td>
<td>D (below average)</td>
<td>Portfolio Performance Report</td>
<td>20%</td>
</tr>
<tr>
<td>≤ 59%</td>
<td>F (failing)</td>
<td>Participation</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>
**Additional Class Policies**

- **Arrive on time for each class meeting.**
  
  Starting from the second day of the semester, an attendance form will be distributed during the first 10 minutes of each class. Signing-ups after the first 10 minutes will be marked "late". Two "late"s equal to one absence.

- **Avoid excessive absences.**
  
  Generally, students who miss more than one third of the class periods without valid excuses will be dropped from this course with a failing grade. A valid excuse is defined as an authorized absence (see Page 70 of *MSU Undergraduate Catalog 2012-2014*, Vol. LXXIX, No.1 for the definition) or an unforeseeable, proved, and documented event that requires the student’s presence in a place other than the classroom during the class period, and such event is deemed acceptable by the instructor. In the case of an excused absence, the document justifying the absence must be turned to the instructor within one week from the absence.

This class follows the guideline in Page 76 of *MSU Undergraduate Catalog 2012-2014* (Vol. LXXIX, No. 1) for “Instructor Drop”:

> An instructor may drop a student any time during the semester for excessive absences, for consistently failing to meet class assignments, for an indifferent attitude, or for disruptive conduct.

- **Announcements not made in class will be posted online through WebCT. Students have the responsibility to check the postings and class material regularly.**

- **Silence your mobile phone.** Either turn it off, or switch it to silent mode. For each time that your mobile phone disrupts a class session, you will have 5 points deducted from your grade.

- **Video, audio, and image recording other than taking handwritten or typed notes in the classroom is not allowed without the prior consent of the instructor. Redistribution of course materials provided by the instructor in any form other than this class is prohibited.**

- **No food or beverage is allowed in the classroom. This is a college policy.**

**Academic Integrity**

With regard to academic honesty, students are referred to the “Student Honor Creed” on p. 19 of Midwestern State University Undergraduate Catalog (2012-2014, Vol. LXXIX, No. 1), including the following statement:

> We consider it dishonest to ask for, give, or receive help in examinations or quizzes, to use any unauthorized material in examinations, or to present, as one’s own, work or ideas which are not on entirely one’s own. We recognize that any instructor has the right to expect that all student work is honest, original work. We accept and acknowledge that responsibilities for lying, cheating, stealing, plagiarism, and other forms of academic dishonesty fundamentally rests with each individual student”

Academic dishonesty such as cheating, lying, collusion, and plagiarism will be taken seriously and will be investigated. The minimum penalty is an "F" in this course and referral to the Dean of Students for disciplinary action, which may result in expulsion from the University.
**Americans with Disabilities Act**
If a student has an established disability as defined in the *Americans with Disabilities Act* and would like to request accommodation, that student should see me as soon as possible (within the first two weeks of the semester). Refer to the instructor’s office hours and phone number shown on page 1.
This class follows the guidelines suggested by the Center for Counseling and Disabilities Services for students who qualify for disability services. See Page 21 of Midwestern State University Undergraduate Catalog, 2012-2014, Vol. LXXIX, No. 1 for details.

**Syllabus Change Policy**
This syllabus and the following class schedule serve as reference for the course, and they are subject to change. Syllabus changes will be communicated in class or on Blackboard.
### Tentative Schedule: Student Managed Investment Fund
**FINC 4933//5933  Fall 2012**  
**Thursday 7:00 pm – 9:50 pm**  
**Dr. Qian Li, CFA**

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Schedule</th>
<th>Reading</th>
<th>Reminder</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8/30/2012</td>
<td>Introduction; IPS Discussion</td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>9/6/2012</td>
<td>Semester-beginning portfolio evaluation</td>
<td>Ch 2</td>
<td>Guest Lecture: Murphy Davis, CFA</td>
</tr>
<tr>
<td>3</td>
<td>9/13/2012</td>
<td>Bloomberg training; Analyst report overview</td>
<td>Ch 11</td>
<td>Sector selection due</td>
</tr>
<tr>
<td>4</td>
<td>9/20/2012</td>
<td>Macroeconomic Analysis</td>
<td>Ch 12</td>
<td>Guest Lecture: Jeff Schultz, CFA</td>
</tr>
<tr>
<td>5</td>
<td>9/27/2012</td>
<td>Sector/Industry Analysis presentation</td>
<td>Ch 13</td>
<td>Stock selection due</td>
</tr>
<tr>
<td>6</td>
<td>10/4/2012</td>
<td>Equity Analysis</td>
<td>Ch 14</td>
<td></td>
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<tr>
<td>7</td>
<td>10/11/2012</td>
<td>Analyst report I presentation</td>
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<tr>
<td>8</td>
<td>10/18/2012</td>
<td>Analyst report I presentation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>10/25/2012</td>
<td>Mid-semester portfolio evaluation; Equity Portfolio management strategies</td>
<td>Ch 16</td>
<td>Stock selection due</td>
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<tr>
<td>10</td>
<td>11/1/2012</td>
<td>Evaluation of portfolio performance</td>
<td>Ch 25</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>11/8/2012</td>
<td>Analyst report II presentation</td>
<td></td>
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<tr>
<td>12</td>
<td>11/15/2012</td>
<td>Analyst report II presentation</td>
<td></td>
<td></td>
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<tr>
<td>13</td>
<td>11/22/2012</td>
<td>Thanksgiving Holiday; No class</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>11/29/2012</td>
<td>Semester-end portfolio evaluation; Portfolio performance report overview</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>12/6/2012</td>
<td>Portfolio Performance Presentation</td>
<td></td>
<td></td>
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