Class Hours: Tuesday, 07:00 pm – 09:50 pm, DB 131/STAR Lab

Contact Information

Instructor: Adam Y.C. Lei, Ph.D., CFA
Office: DB 219
940-397-4403 adam.lei@mwsu.edu

Office Hours: Tuesday, 01:00 pm – 04:00 pm, and by appointment

Course Materials

Required: 1) Supplemental material (available through WebCT).

Course Prerequisites

Junior standing or above, consent of the instructor, and FINC 4733 with a grade of “B” or higher. The course must be taken in a consecutive semester following FINC 4933 for a total of 6 credit hours. Students must have earned a grade of “C” or higher in FINC 4933.

Course Description

Security analysis and portfolio management in conjunction with the management of the Student Managed Investment Fund (i.e., the Fund); security valuation and selection, asset allocation, diversification, and portfolio performance evaluation.

Course Objective

A. General Learning Goals:

Upon successful completion of this course, students should:

1) Demonstrate problem solving and decision making abilities through the critical analysis, evaluation, and interpretation of business information.
2) Demonstrate a competency in speaking and writing for common business scenarios.
3) Know how to use team building and collaboration to achieve group objectives.
4) Be able to utilize available technology for common business applications.
B. Course Specific Learning Goals:

Upon successful completion of this course, students should be able to:

1) Explain the importance of an investment policy statement.
2) Determine asset allocation and portfolio diversification.
3) Perform common stock valuation and analysis.
4) Evaluate portfolio performance.

Grading and Evaluation

Course Grading:

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<tr>
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<th>Percentage</th>
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<tbody>
<tr>
<td>Analyst Report I</td>
<td>20%</td>
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<tr>
<td>Analyst Report II</td>
<td>20%</td>
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<tr>
<td>Portfolio Evaluation</td>
<td>20%</td>
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<tr>
<td>Portfolio Performance Evaluation Report</td>
<td>20%</td>
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<tr>
<td>Participation</td>
<td>20%</td>
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</table>

Total: 100%

90-100 (Excellent) A
80-90 (Good) B
70-80 (Satisfactory) C
60-70 (Passing) D
Below 60 (Failing) F

All grades are firm and non-negotiable. There is no rounding in grades. To maintain the fairness to the entire class, the same grading criteria will be applied to every student, and no personal reason will be considered for grading purposes. No grade will be disclosed by email, by phone, or online.

Analyst Report:

During this semester each student is required to prepare two analyst reports on two different stocks for buying recommendations and present the reports to the entire class on the scheduled dates. Students should email their analyst reports and all supporting material, if any, to students in this class and the instructor at least one day before the presentation dates. The actual buying of stocks for the Fund will be based on recommendations accepted by the class and the instructor.

Portfolio Evaluation:

The holdings of the Fund will be evaluated three times during this semester: at the semester beginning, at mid-semester, and at the semester end. Students in this course 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 Report:

Students in this course are required to work as a team and prepare a portfolio performance evaluation report for the Fund from its inception, with a special emphasis from the last portfolio performance evaluation date, to the market close of April 24, 2012. The portfolio performance evaluation report will be presented twice, an initial version to the entire class on April 24, 2012, and an updated version as of May 1, 2012 to the Faculty Advisory Committee of the Fund and open audience on May 1, 2012. Students are required to email the performance evaluation report to the instructor at least two hours before the scheduled presentation time.

Participation:

Student participation is of particular importance to 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. Examples of such duties include preparing the required documents, making presentations, making buy/hold/sell recommendations, collaboration among students, attendance, and raising and answering questions in class/during presentations. There is no guarantee that a student attending every class will automatically receive the full credit on class participation.

Class attendance, Midwestern State University Student Handbook (2011-2012), p. 43

Students are expected to attend all meetings of the classes in which they are enrolled. Although in general students are graded on intellectual effort and performance rather than attendance, absences may lower the student’s grade where class attendance and class participation are deemed essential by the faculty member. In those classes where attendance is considered as part of the grade, the instructor should so inform students of the specifics in writing at the beginning of the semester in a syllabus or separate attendance policy statement. An instructor who has an attendance policy must keep records on a daily basis. The instructor must give the student a verbal or written warning prior to being dropped from the class. Instructor’s records will stand as evidence of absences. A student with excessive absences may be dropped from a course by the instructor. Any individual faculty member or college has the authority to establish an attendance policy, providing the policy is in accordance with the General University Policies.

For the record keeping purpose, each class period a roll sheet will be passed through the class and students need to make sure that they sign on the roll sheet. Signing any other student’s name on the roll sheet is considered as an act of disruptive conduct in this course.

Instructor Drop, Midwestern State University Student Handbook (2011-2012), p. 44-45

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. The instructor must give the student a verbal or written warning prior to being dropped from the class. An instructor’s drop of a student takes precedence over the student-initiated course drop of a later date. The instructor will assign a grade of either WF or F through the 8th week of a long semester, the 6th week of a 10 week summer term, or the 11th class day of a 4 or 5 week summer term consisting of 20 days. After these periods the grade will be an F. The date the instructor drop form is received in the Office of the Registrar is the official drop date.
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 Midwestern State University Student Handbook (2011-2012) p.44 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.

Students who fail to meet class assignments, show indifferent attitudes, or reveal disruptive conducts will be given warnings each time such instance occurs. Students with more than two warnings will be dropped from this course with a failing grade.

**Other Course Policies**

1) It is obviously in a student’s best interests to attend class regularly.
2) Students are expected to be prepared for the material and activities *before* the scheduled classes.
3) Announcements not made in class will be posted online through WebCT. Students have the responsibility to check the postings and class material regularly.
4) *Video, audio, and image recording other than taking hand-written or typed notes in the classroom is not allowed without the prior consent of the instructor. Redistribution of course material provided by the instructor in any form outside this class is not allowed.*

**Academic Integrity**

Students shall follow the “Student Honor Creed” on p. 4 of the Midwestern State University Student Handbook (2011-2012). A student who commits academic dishonesty is subject to conduct sanctions (please refer to the Handbook for the definitions of Academic Dishonesty (p. 77 Item 11), Conduct Sanctions (p.80-81), and Academic Misconduct Procedures (p. 82-84 Section 4)).

**Americans with Disabilities Act**

This course follows the university policies and guidelines suggested by the Disability Support Services Office for qualified students. Students are referred to p. 24 of the Midwestern State University Student Handbook (2010-2012) for details.

**Syllabus Change Policy**

This syllabus is a guide for this course and is subject to change with advanced notice.

**References**

Midwestern State University Student Handbook (2011-2012), [http://students.mwsu.edu/dean/](http://students.mwsu.edu/dean/)
Course Content and Outline

1. Investment Policy Statement
2. Macroeconomic Analysis
3. Industry Analysis
4. Fundamental and Technical Analysis
5. Preparation of Analyst Report
6. Portfolio Evaluation
7. Preparation of Portfolio Performance Evaluation Report

Course Schedule

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<th>Month</th>
<th>Date</th>
<th>Schedule</th>
<th>Reading Assignment</th>
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<td>1</td>
<td>17</td>
<td>Introduction</td>
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<td>1/2</td>
<td>24</td>
<td>Semester-beginning portfolio evaluation</td>
<td>R&amp;B Chapter 2</td>
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<td>31</td>
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<td>Structure of analyst report and Bloomberg terminals (stock selection due)</td>
<td>R&amp;B Chapter 11</td>
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<td>7</td>
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<td>Macroeconomic analysis</td>
<td>R&amp;B Chapter 12</td>
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<td>Industry analysis</td>
<td>R&amp;B Chapter 13</td>
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<td>21</td>
<td></td>
<td>Fundamental and technical analysis</td>
<td>R&amp;B Chapter 14 and 15</td>
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<td>28</td>
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<td>Analyst report I presentation</td>
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<td>3</td>
<td>6</td>
<td>Mid-semester portfolio evaluation (stock selection due)</td>
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<td>13</td>
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<td>Spring Break</td>
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<td>20</td>
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<td>Equity portfolio management strategies</td>
<td>R&amp;B Chapter 16</td>
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<td>Evaluation of portfolio performance</td>
<td>R&amp;B Chapter 25</td>
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<td>4</td>
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<td>Analyst report II presentation</td>
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<td>Structure of portfolio performance evaluation report</td>
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<td>Semester-end portfolio evaluation/portfolio performance presentation</td>
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