



Dillard College of Business Administration

SYLLABUS: FINC 5933, Student Managed Investment Fund

Wednesdays 7:00 PM to 9:50 PM

Dillard Building 175

Fall Semester 2019

Contact Information

Instructor: Dr. Qian Li, CFA, Associate Professor in Finance
Office: Dillard Building 205
Office hours: Tuesday: 2:00 PM to 3:00 PM;
Wednesday: 1:00 PM to 3:00 PM; 5:00 PM to 6:00PM
Thursday: 9:00 AM to 10:00 AM
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Course Materials

Textbook (recommended): *Investment Analysis and Portfolio Management*, 10e, by Frank Reilly and Keith Brown, South-Western, ISBN: 978-0538482387

Recommended reading list:

- The Intelligent Investor: The Definitive Book on Value Investing. A Book of Practical Counsel (Revised Edition), by Benjamin Graham and Jason Zweig, Collins Business, ISBN: 0060555661
- A Random Walk Down Wall Street: The Time-Tested Strategy for Successful Investing, 10e, by Burton G. Malkiel, W. W. Norton & Company, ISBN: 0393340740
- The Wall Street Journal
- The Economist
- The Bloomberg BusinessWeek

Dropbox: For this course, we will use Dropbox to share documents and files. All analyst reports, trade confirmation, and account balance files will be uploaded on Dropbox and shared with the class. It is required that you do not share these files with anyone outside the class unless approved by the instructor. Make sure you have a Dropbox account so that you are able to receive and upload these files.

Course Prerequisite(s)

FINC 4733 or FINC 5733 with a grade of B or higher or consent of the instructor, and consent of the Graduate Coordinator.

Learning Goals

DCOBA Graduate Program General Learning Goals

GLG1: Our students will exhibit the characteristics of leadership.

Objective: Our graduates will have the capacity to lead effectively.

In this class students will work as a team to operate the fund, make investment decisions, and deliver performance reports. Graduate students are expected to lead the whole team to ensure smooth and effective operation of the fund. Grades are partially based on student's ability to work in a team and lead the team.

GLG4: Our students will integrate knowledge across business disciplines.

Objective: Our graduates will demonstrate the capability to integrate knowledge across business disciplines.

In this class students will integrate their knowledge in various areas such as economics, management, business strategy, accounting as well as investment to analyze a company and conduct reasonable valuation for the company. Grades are partially based on the quality of students' analysis.

GLG5: Our students will communicate at a professional level.

Objective: Our graduates will be able to communicate in a professional business manner.

In this class students will write reports and make oral presentations based on their research on specific sectors/industries and individual companies/stocks. Students will also 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 the effectiveness of their presentations.

2. 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, and participation in fund operation and management.

1. Analyst Report and Presentation

Each student enrolled in FINC 5933 is required to prepare individually an analyst report for one stock he/she selects for the fund portfolio and present the report to the entire class on the scheduled date. Students are required to submit their analyst reports, including all supporting materials, to the instructor AND all SMIF members by 5:00 PM on the scheduled presentation date.

Graduate students enrolled in FINC 5933/5943 will be graded by a higher standard for the quality of their research, writing and presentation delivery.

2. Stock Follow-up

Students will track the performance of assigned stocks in the SMIF portfolio, and report to the class about important information of the stocks, such as market development, earning release updates, mergers and acquisitions, and revised outlook, etc. Each student then needs 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 and/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.

3. Fund Operation and Management Tasks

SMIF students need to take responsibilities in the fund management. For FINC 5933 students, each student is required to undertake one of the following fund management tasks:

- Class President (1-2 persons). Tasks include but are not limited to:
 - Preside over class meetings
 - Taking class votes and report the results/decisions to the instructor
 - Coordinating with other SMIF members to make sure each project and assignment, including the final presentation, can be finished on time
- Portfolio Maintenance in Bloomberg (1-2 persons). Tasks include but are not limited to:
 - Update SMIF's portfolio in Bloomberg terminal after each transaction
 - Provide in-time and accurate portfolio information to the portfolio evaluation team
 - Work with the portfolio evaluation team in the assessment and evaluation process
- Portfolio Evaluation Analyst (1-2 persons). Tasks include but are not limited to:
 - Evaluate SMIF's holdings and performance three times during this semester: at the beginning of the semester, at mid-semester, and at the end of the semester.
 - Report to the class about the allocation, diversification and performance of the portfolio. Explain to class about the reason(s) for changes in allocation and performance change
 - Lead the discussions of portfolio performance in the final presentation and report.
- Fund Economist (1-2 persons). Tasks include but are not limited to:
 - Follow up with the economy and financial markets and provide the class each week with most updated market information
 - Explain to class how the movement in the economy and market would affect SMIF.
- Public Relation/Communication (1-2 persons). Tasks include but are not limited to:
 - Make arrangements with guest speakers
 - Lead the production of the semester-end portfolio report
 - Organize the final presentation, including invitations.
- Senior Analyst (1-2 persons)
 - Work with economists to discuss the sectors of interest and make informed recommendations to the fund on new investment opportunities that could enhance or diversify the portfolio
 - Ensure the understanding and use of appropriate valuation models by all fund members.

Assignment of these tasks will be discussed on the first class. Grade will depend on the performance in fulfilling assigned tasks.

Graduate students are expected to work as the portfolio evaluation analyst, economist, senior analyst, or the class president, and take more leadership responsibilities in the fund.

4. Portfolio Performance Report and Presentation

SMIF Students are required to work as a team to prepare a performance evaluation report for the fund portfolio. A formal presentation on fund performance will be delivered by the class to the Faculty Advising Committee and DOCBA administration at the presentation. Students are required to submit the performance report to the instructor at least one day before the scheduled presentation time.

5. Team Collaboration and Participation

The fund operates as a team and it's very important that team members collaborate effectively and smoothly together to achieve the group goals. During the semester a peer review will be conducted to evaluate individual member's participation and collaboration. Grade will be based on the peer review result, student's attendance, and the instructor's evaluation about the member.

Note: Graduate students are expected to work as the portfolio evaluation analyst, economist, senior analyst, or the class president, and take more leadership responsibilities in the fund.

Table 1 and Table 2 below illustrate the grade components and the grading standard.

Table 1: Points allocated to each grading element

| Element | Points |
|------------------------|--------|
| Analyst Report | 20% |
| Holdings Follow-ups | 30% |
| Individual Task | 20% |
| Final Presentation and | 20% |
| Team Participation | 10% |
| Total | 100% |

Table 2: Grading Standard

| Grade | Points |
|-------|---------------|
| A | 90 or greater |
| B | 80 to 89.99 |
| C | 70 to 79.99 |
| D | 60 to 69.99 |
| F | Lower than 60 |

Attendance and Classroom Policy

1. This class follows [Midwestern State University Graduate Catalog](#) regarding to the Instructor Drop policy:

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 dropping the student 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 first 9 weeks of a long semester, the first 6 weeks of a 10 week summer term, or the

12th class day of a 4 or 5 week summer term consisting of 20 days. After these periods the grade will be an F.

2. Students are expected to attend every class, including analyst presentations and the end-of-semester presentation. Absence from important class events will result in a lower grade by at least one grade level.
3. No food or beverage is allowed in the classroom. This is a college policy.
4. Redistribution of any course material provided by the instructor in any form outside this class is strictly prohibited.

Violating above rules will either cause you being dropped from this class or cause your final letter grade to be lowered depending on the severity of the violation.

Academic Integrity

With regard to academic honesty, students are referred to the [Student Honor Creed](#), including the following statements:

“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”.

This course follows Midwestern State University Graduate Catalog regarding to the Academic Dishonesty policy:

A grade of F given for academic dishonesty will be computed in the grade point average even if permission is granted for the course to be repeated. Additional college and program policies regarding academic dishonesty will apply.

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 (preferably within the first two weeks of the semester). This class follows the guidelines suggested by [Office of Disabilities Support Services](#) for students who qualify for disability services. Please see [Midwestern State University Graduate Catalog](#) for details.

Campus Carry statement

Senate Bill 11 passed by the 84th Texas Legislature allows licensed handgun holders to carry concealed handguns on campus, effective August 1, 2016. Areas excluded from concealed carry are appropriately marked, in accordance with state law. For more information regarding campus carry, please refer to the [University’s campus carry policy webpage](#).

Professionalism

The faculty, staff, and students of the Dillard College of Business Administration are committed to being a “professional” in our words, conduct, and actions. The qualities of a professional include:

- A commitment to the development of specialized knowledge
- Competency in analytical, oral and written communication skills
- Self-discipline
- Reliability
- Honesty and integrity
- Trustworthiness
- Timeliness

- Accountability for words and actions
- Respect for others and other cultures
- Politeness and good manners
- A professional image (professionals look professional)
- An awareness of their environment and adaptability to different settings
- Confidence without arrogance
- A commitment to giving back to your community

Syllabus Change Policy

This syllabus is a guide for the course—not a “contract”—and is subject to change. Syllabus changes will be communicated in class or by email.

Course Schedule

Table 3: Class Meeting Times and Major Topics and Activities

| Week | Date | Plan |
|------|------------|--|
| 1 | 8/28/2019 | Course Overview; Fund Investment Policy Statement Discussion |
| 2 | 9/4/2019 | Market and Economy briefing. 4943/5943: BOS portfolio evaluation; 4933/5933: Bloomberg training; Intro for BOS evaluation |
| 3 | 9/11/2019 | Market and Economy briefing. 4933/5933: BOS portfolio evaluation; Analyst report overview 4943/5943: Analyst report review. Equity Analysis review |
| 4 | 9/18/2019 | 4933/5933: Introduction to macroeconomic analysis. 4943/5943: Market and Economy Update/Forecast |
| 5 | 9/25/2019 | Market and Economy briefing. 4943/5943: Sector/Industry Analysis presentation. 4933/5933: Introduction to sector/industry analysis |
| 6 | 10/2/2019 | 4943/5943: Analyst report #1 presentation 4933/5933: Analyst report 1 discussion |
| 7 | 10/9/2019 | Market and Economy update. Company/Equity Analysis |
| 8 | 10/16/2019 | Market and Economy briefing. MOS portfolio evaluation; |
| 9 | 10/23/2019 | Market and Economy briefing. 4933/5933: Introduction to equity portfolio management strategies. 4943/5943: Portfolio Management Strategy review |
| 10 | 10/30/2019 | Analyst report #2 presentation (FINC 4933/5933) |
| 11 | 11/6/2019 | Analyst report #2 presentation (FINC 4933/5933) |
| 12 | 11/13/2019 | Market and Economy briefing. 4933/5933: Introduction to portfolio performance evaluation. 4943/5943: Portfolio performance evaluation review |
| 13 | 11/20/2019 | Market and Economy update. Portfolio performance report overview. Presentation by the fund evaluation analysts. EOS portfolio evaluation |
| 14 | 11/27/2019 | Thanksgiving Holiday |
| 15 | 12/4/2019 | Portfolio Performance Presentation |