2012

FINC 492-01 Portfolio Management II

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FINC 492-01: Portfolio Management II
Spring Semester 2012

Professor: Dr. David C. Hyland
Phone Number: 745-3017
E-mail: hylandd@xavier.edu
Mailbox Location: Faculty Suite 223

Office: Smith 214
Class Meets: T 10-11:15 am
R 8:30-9:45 am
Class Location: Smith 106

Office hours:
Tuesday, Thursday 7:30 am - 8:30 am, 2:15 – 4:15 pm
Additional Hours by appointment or just stop by, e-mail or call.

College Mission
We educate students of business, enabling them to improve organizations and society, consistent with the Jesuit tradition.

Course Description
This course is the second part of the portfolio management experience for the student members of the Xavier Student Investment Fund (XSIF). Members of the XSIF student management team are selected each semester by faculty in the Department of Finance.

This course can count as the Finance major capstone.

Students will manage approximately $1,000,000 of the University Endowment in a Large Cap Equity Portfolio.

Learning Objectives
Upon successful completion of this course, students will have:
A stronger understanding of valuation
A stronger understanding of how to evaluate portfolio performance
Stronger communication skills (verbal and written)
A stronger understanding of how economic events impact stock prices
Stronger group and meeting skills

Equity analysis is not an easy undertaking. Realize that in this real-world market environment you are competing with highly-compensated individuals that dedicate more than 40 hours per week to this endeavor. The process involves scientific techniques and modeling but what to use as inputs is definitely an art. The more you put into the class the more you will get out of it.

Course Prerequisites
Prerequisite: Successful completion of FINC 490

I assume you can analyze and create a Discounted Cash Flow Model including cost of capital calculations to estimate the stock price of a publicly traded company. I also assume you can use relative valuation techniques (PE multiples, EV/EBITDA multiples, etc.) to estimate the stock price of a company.
**Academic Misconduct**
Xavier’s policy is detailed at:

http://www.xu.edu/registrar/ugrd_policies.html#Academic honesty

A **first offense** in this class is likely to result in an F for the course.

**Attendance:**
Attendance is required at every class session. You may have one unexcused absence. Every unexcused absence will cost 5% of your final grade. Additionally do not use this class as an excuse to miss other classes. It is not acceptable to skip another class because you are “working on the Fund”.

**Grading:**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Weight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation</td>
<td>20</td>
</tr>
<tr>
<td>Stock Reports (at least 2)</td>
<td>20</td>
</tr>
<tr>
<td>Officer Duties (see positions below)</td>
<td>30</td>
</tr>
<tr>
<td>Final Project</td>
<td>20</td>
</tr>
<tr>
<td>Final Day Activity</td>
<td>10</td>
</tr>
</tbody>
</table>
**XSIF TENTATIVE CLASS SCHEDULE**

<table>
<thead>
<tr>
<th>Week</th>
<th>Date – Week Beginning</th>
<th>Assignment Due</th>
<th>Reading</th>
</tr>
</thead>
</table>
| 1    | 1/9                   | Discuss Style of the Fund, Review Prospectus, Lecture on Portfolio Performance | T: XSIF Prospectus  
Bodie, Kane, Marcus Ch 24  
R: Xavier University Investment Policy Statement |
| 2    | 1/16                  | More Portfolio Performance  
T: 5 Sector Update Presentations  
R: 5 Sector Update Presentations | Chincarini & Kim pp. 166-178  
Stowe Chs 1-3  
English Ch 14 |
| 3    | 1/23                  | **Bloomberg Certifications due by Friday** | Stowe Ch 4  
English Ch 15 |
<p>| 4    | 1/30                  | Stock #1 Due with help from 492 students | |
| 5    | 2/6                   | |
| 6    | 2/13                  | Stock #2 Due | |
| 7    | 2/20                  | |
| 8    | 2/27                  | Stock #3 Due | |
| 9    | 3/5                   | Spring Break | |
| 10   | 3/12                  | Stock #4 Due | |
| 11   | 3/19                  | | |
| 12   | 3/26                  | March 29 – 31 RISE conference – Plan to attend | |
| 13   | 4/2                   | Stock #5 Due | |
| 14   | 4/9                   | | |
| 15   | 4/16                  | BEA, Board of Trustee, FINC 300, and FMA presentations To be announced. | |
| 16   | 4/23                  | | |</p>
<table>
<thead>
<tr>
<th>Final EXAM WEEK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final Exam and Sector Report with summary of all positions in your sector and watch list are due during scheduled final. You must attend and present a summary and analysis of your sector and positions.</td>
</tr>
</tbody>
</table>
Fund Performance Reports
12 months ending 12/31 – due by 15th of January
1 month ending 12/31 – due by 15th of January
1 month ending 1/31 – due by 10th of February
1 month ending 2/29 – due by 10th of March
1 month ending 3/31 – due by 10th of April
Year End Report 12 months ending 3/31 – due by 10th of April
1 month ending 4/30 – due on final exam day
Summer report covering May – August – due by 15th of September
1 month ending 8/31 – due by 15th of September
1 month ending 9/30 – due by 10th of October
6 months ending 9/30 – due by 10th of October
Year to date ending 9/30 – due by 10th of October
1 month ending 10/31 – due by 10th of November
1 month ending 11/30 – due on final exam day