2013

492-01 Portfolio Management II

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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 (B or better or special permission of the instructor)

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.

**Student Run Aspect**

FINC 492 students are the Fund managers and have responsibility for scheduling the activities of the Fund within the framework of presentations and coursework scheduled by the Professor. FINC 490 students are expected to participate and assist the 492 students in the coordination and scheduling. Both FINC 490 and FINC 492 will vote on what changes will be made to the portfolio. **The Professor will lay out expectations for minimum requirements for both stock presentations and formal presentations.**

**Academic Misconduct**

Xavier’s policy is detailed at:

[http://www.xu.edu/registrar/ugrd_policies.html#Academic honesty](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**. Every unexcused absence will cost 5% of your final grade and your participation grade will also suffer. On your fourth unexcused absence you will receive an F for the course. 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”.

**Tardys:**

Each unexcused tardy will cost 3% of your final grade. On your fifth tardy you will receive an F for the course.

**In Class Presentations:**

You must provide a printed, **stapled** copy of all in class presentations to the instructor before class. NOTE: There is a stapler in the trading room. If you are presenting on a given day arrive early and load your presentation onto the podium computer and provide white board directions on the board for your classmates.

**In Class Etiquette:**

If you are not working on DCF material during class (e.g. surfing the web, texting, face booking, working on other classes, etc.) you will receive 1 warning. Additional offenses will result in penalties that may include a lower final grade or F in the class.

**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>
</tbody>
</table>
Officer Duties (see positions below) & 20
Final Project & 20
ETS Exam & 10
Final Day Activity & 10

**Stock Reports:**
Your first stock report is due by the end of the second week and your second is due by the end of the fifth week. At least one of your valuations must have a complexity factor that goes beyond the typical 490 presentation (e.g. Sum of the parts valuation, valuation of company sectors, M&A analysis, scenario analysis, sector valued WACC, etc.)

**Portfolio:**
During the last week of class you will submit a portfolio which will contain all of your work during the semester. (5+ stock valuations, performance reports, presentations, etc.) More details on the proper format to follow but I would suggest compiling the things you do throughout the semester so that it is easier to complete during a busy time of the semester. Your portfolio will be evaluated to determine your grades in the Stock Valuation and Misc. Activities categories.

**Verbal Feedback**

Note that much of this course centers around student run presentations and activities. Much of your feedback will be verbal. Please pay attention in class so that you do not continue to make the same mistakes that have already been discussed in class. Much of the feedback you receive in this class will be verbal from the instructor. If you are not participating you won’t get much feedback and your grade will reflect this.

**Participation Review:**
At the end of the semester every student will complete an evaluation of every other student in the Fund. These evaluations will be used along with the Professor’s observations throughout the semester to determine a participation grade for the semester.

**Sector Meetings:**
Each sector will meet every week until presentations start. Minutes and attendance should be kept. 492 mgrs will report on the status of the meeting on Tuesdays. Attendance is expected and will count towards your participation grade. If you cannot meet during your groups weekly scheduled time, it is your responsibility to work with the CEO and CFO to arrange a trade to another team. Your portfolio should include the minutes and attendance for your sector meetings.

**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