492-01 Portfolio Management I

David Hyland
Xavier University

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FINC 492: Portfolio Management II  
Fall Semester 2019

Professor: Dr. David C. Hyland  
Office: Smith 214
Phone Number: 745-3017  
E-mail: hylandd@xavier.edu
Mailbox Location: Faculty Suite 223
Office hours: 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 $3,000,000 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.
You must be in “good standing” with the trading center.

**Learning Accessibility**

Qualified students with disabilities who will require disability accommodations in this class are encouraged to make their requests to me by sharing their Accommodation Letters with me at the beginning of the semester either during office hours or by appointment. Disability related information is confidential. If you have not previously contacted Disability Services, I encourage you to do so by phone at 513-745-3280, in person on the Fifth Floor of the Conaton Learning Commons, Room 514, or via e-mail to Cassandra Jones at jonesc20@xavier.edu, to coordinate reasonable accommodations as soon as possible as accommodations are not retroactive.

It is my goal that this class be an accessible and welcoming experience for all students. If you are a student with a disability who may have trouble participating or effectively demonstrating learning in this course, contact me to arrange an appointment to share your Accommodation Letters from Disability Services and to discuss your needs. Disability related information is confidential. If you have not contacted Disability Services (located in the Learning Assistance Center) to arrange accommodations, I encourage you to do so by contacting Cassandra Jones, by phone at 513-745-3280, in person on the Fifth Floor of the Conaton Learning Commons, Room 514, or via e-mail at jonesc20@xavier.edu as soon as possible as accommodations are not retroactive.

**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.

**Presentations**

Do not recycle presentations from prior semesters. The ops manual lays out some minimal expectations about what should be included in the presentations. Think about your audience and what they would like to hear. Be creative and informative. Plan significantly in advance so that you can present in front of the class and professor to get feedback.

**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. 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. Bring extra copies if there are guests for the day.

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. I reserve the right to give low grades for inappropriate behavior especially when guests are in attendance.

Grading:

I am taking a different approach and doing a spec based grading system. You will provide your work for the semester in a portfolio which will be used at the end of the semester to evaluate the following:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Weight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cs, Ds, and Fs</td>
<td>I do not expect to give these grades based on the nature of the class. However, attendance and tardiness could bring your grade to these</td>
</tr>
<tr>
<td>To earn an A-:</td>
<td>Complete all of the following and include support/evidence in your portfolio handed in at the end of the semester:</td>
</tr>
</tbody>
</table>
|                   | 1. Strong participation throughout the semester.+
|                   | 2. On time attendance at every class unless Instructor approved excuse*
|                   | 3. Complete the ETS exam with serious intent
|                   | 4. Attend Class during finals week**
|                   | 5. Well written portion of the annual or semi-annual report
<p>|                   | 6. Keep your portion of the Operations manual up to date (this is where |</p>
<table>
<thead>
<tr>
<th>Passwords and any critical information goes)++</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. 2 start from scratch valuations <strong>due by 9/30</strong></td>
</tr>
<tr>
<td>8. Present 1 valuation to the class</td>
</tr>
<tr>
<td>9. <strong>Officers:</strong> Hold/attend 6 or more officer meeting or meetings in your specific (E.g. trade execution, Financial Literacy, Annual report, Econ, Analytics, etc) and provide minutes in your portfolio ***</td>
</tr>
<tr>
<td>10. <strong>Managers:</strong> Hold 10 or more sector meeting and provide minutes ***</td>
</tr>
</tbody>
</table>

**To earn an A:**

<table>
<thead>
<tr>
<th>Complete all the above plus:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete a senior project. Two typed pages describing your senior project is due 10/15. Final projects due the Monday after thanksgiving. Edits might be required with another turn in during finals week. 5-15 minute presentation required on final exam day</td>
</tr>
</tbody>
</table>

++ Not completing the end of semester “bonus” surveys will drop the letter grade by 2. Poor participation will drop your grade at the instructor’s discretion. 
*After one unexcused absence each additional missed class will drop the grade twice (i.e. A becomes B+). Each tardy will drop the grade once. If you have an approved excuse you must notify Hyland, the CEO and the Officer/Mgr in charge for the class in question. If Hyland doesn’t have an email in advance of class it will be counted as an absence. ** A miss during finals week that is not Instructor approved will drop the grade twice. ** Each sector/officer meeting (including minutes) under 10 will reduce a half letter reduction (i.e. A goes to A- for only 9 meetings, A goes to B+ for 8 meetings. Each meeting must be documented in Canvas in the appropriate tab of the operations manual. ++ I will be scrutinizing the operations manual very closely throughout the semester. If it is not being updated I will deduct letter grades at the end of the semester. 

**Stock Reports:**
Your first stock report is due by the end of the second week and your second is due by mid October. 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. (2+ 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.

Officer Reports:

Sector managers will hold a meeting of their sector each week. Minutes will be kept and included in the managers portfolio at the end of the semester. Sector managers that do not have at least 10 meetings (along with minutes) during the semester will be given low grades.

Officers will create a weekly report indicating their activities and contribution to the fund.

Sector Meetings:
Each sector will meet every week. Minutes and attendance should be kept. 492 mgrs will report on the status of the meeting on Mondays. 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 10\textsuperscript{th} of October
Year to date ending 9/30 – due by 10\textsuperscript{th} of October
1 month ending 10/31 – due by 10\textsuperscript{th} of November
1 month ending 11/30 – due on final exam day