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**FINA 4150: Investment and Portfolio Management (SMIF)**

**Fall 2009 Syllabus - Section 90-519**

**Dr. Chris Stivers**

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<b>Course Description:</b>	Portfolio management and security analysis. Emphasis is on risk, return, valuation of securities, portfolio theory, and investment performance analysis. Students will research stocks and manage a stock portfolio.
<b>Class time:</b>	Tuesdays: 3:30 – 5:00 PM
<b>Classroom:</b>	Sanford 314
<b>Professor:</b>	Dr. Chris Stivers, Ph.D., University of North Carolina at Chapel Hill
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<b>Office Hours:</b>	Wednesday 3:30 – 4:30 PM, Thursday 10:00- 11:00 AM, and by appointment.
<b>Course Web Site:</b>	On eLearning Commons (eLC): <a href="http://elc.uga.edu">http://elc.uga.edu</a> I will regularly publish announcements, course notes, problem solutions, and other materials on this site. Students should check it frequently.

**Course Objectives and Expected Learning Outcomes:** By taking this course, students will (1) gain an understanding of the principles of investing; including risk, return, security analysis, portfolio theory, and investment performance analysis; and (2) gain practical experience through the process of security selection and portfolio management.

**Text:** *Essentials of Investments*, Seventh Edition, by Bodie, Kane, and Marcus, 2008, McGraw-Hill Irwin Publishers. Or other recent edition of the same text, corresponding to the text used in FINA 4310.

**Other Required Book:** *The Five Rules for Successful Stock Investing*, by Pat Dorsey, 2004, John Wiley & Sons.

**Prerequisites:** Permission of department, through a competitive selection process.

**Prerequisite or Co-Requisite Courses:** FINA 3000 and MSIT 3000. Students should also take FINA 4310 as soon as practical.

**Course Outline:** Much of the class time will be devoted to issues related to managing the Student Managed Investment Fund; including stock pitches, portfolio review and evaluation, report preparation, etc. Assignments in these areas will be discussed during each class and then posted weekly on the course website.

Additionally, related topics will be covered in class as time permits. The tentative list of these topics and associated readings are provided as the final page of this syllabus. While we may deviate from this schedule, it provides the anticipated topics for the course.

**Changes to syllabus:** The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.

**University Honor Code and Academic Honesty Policy:** As a University of Georgia student, you have agreed to abide by the University's academic honesty policy, "A Culture of Honesty," and the Student Honor Code. All academic work must meet the standards described in "A Culture of Honesty" found at: <http://www.uga.edu/honesty>. Lack of knowledge of the academic honesty policy is not a reasonable explanation for a violation. Questions related to course assignments and the academic honesty policy should be directed to the instructor.

**Class Organization:** Each student will be assigned to a sector team of 4 to 5 students. These teams will be responsible for researching and monitoring stocks within the industries in their sector. Each team will have both first-year and second-year SMIF students. Additionally, students may serve as class officers or take on other collateral duties.

Each student should be familiar with both the Bylaws and the Operating Procedures of the UGA SMIF. These documents are available on the course website.

**Homework:**

Stock Analysis: The primary homework will be the stock analysis and associated presentations, to be completed by each team. Additionally, students are expected to monitor the stocks held in their sector on an ongoing basis.

Portfolio Evaluation and Report Preparation: Periodically, the portfolio will need to be reviewed and reports prepared. The UGA SMIF reports to both the SMIF Board of Trustees and the Investment Committee of the UGA Foundation.

Supplemental Readings: Additional articles will be assigned for reading from current periodicals or journals. These readings will be announced in class and on the course web page.

**Laptop Policy:** Students may want to bring laptops to class, which may occasionally be useful for stock research during class or following along with Excel or other applications. Laptops should be used only for class activities. They should not be used to check email, surf the web, or other non-class activities. If I perceive there is a “laptop problem”, then I reserve the right to implement a “laptops closed” policy, except for when we are using a computer application directly in class.

**Final Examination:** The final examination will be a written evaluation comparing the merits of two potential stock investments. The assignment will coincide with the regularly scheduled university examination time, on Tuesday, December 15, at 3:30 – 6:30 PM.

**Policy for Make-up of Final Examination:** There are NO MAKE-UP EXAMS planned. Truly exceptional circumstances should be discussed with me in advance (if possible); such as a serious illness, or a family emergency.

**Class Attendance and Participation:** Classroom attendance and participation is a fundamental part of this course. Attendance is expected and will result in a much better course for you and your fellow students. Each student is expected to be prepared for class and to contribute to class discussions. Note that class participation and attendance counts for 20% of the course grade.

**Absences:** It is your responsibility to contact me **in advance** if your absence will affect your ability to meet any of the course requirements **on time**.

**Leaving class early:** I realize there may be legitimate reasons for you to leave class early. However, please be considerate and let me know **prior to class starting** that you must leave early.

**Grade Determination:** This class is essentially one large group project in operating and managing our Student Managed Investment Fund. Final grade assignments will depend upon the group’s overall performance and your individual performance. Grades will be determined as objectively as possible based on the following weights.

Group Work	50 %
Class Participation and Attendance	20 %
Final Exam Assignment	30 %

The grade breakdown will be based on the following: A: 90-100; B: 80-89; C: 70-79; D: 60-69; and F: <60. Plusses and minuses may be awarded for course averages at the extreme values of these distributions, at approximately +/-1.5 pts.

**Note for Second-year SMIF Students:** There is an expectation for greater leadership and classroom participation for second-year SMIF students, as compared to your performance as a first-year SMIF student. Thus, the expectations for your “Class Participation and Attendance” and your “Group Work” performance (see the Grade Determination above) is different than for the first-year students.

## TENTATIVE TOPICAL OUTLINE

<b>Date</b>	<b>Topic</b>	<b>Text/Other Readings</b>
Aug. 18	Introduction & Market Overview Historical Return Performance	Chapters 1 -5 UGA SMIF Bylaws and Operating Proc.
Aug. 25	SMIF Organization  Fundamental Valuation	UGA SMIF Bylaws and Operating Proc. Chapter 13
Sept. 1	Fundamental Valuation Financial Statements	Chapters 13, 14 Dorsey book
Sept. 8	Financial Statements Value Investing/Security Analysis	Chapter 14 Dorsey book
Sept. 15	Value Investing/Security Analysis	Dorsey book
Sept. 22	Value Investing/Security Analysis	Dorsey book
Sept. 29	Value Investing/Security Analysis	Dorsey book
Oct. 6	Market Informational Efficiency	Chapter 8
Oct. 13	Diversification and Mean-Variance Efficiency	Chapter 6
Oct. 20	Asset Pricing Models	Chapter 7
Oct. 27	Asset Pricing Models	Chapter 7
Nov. 3	Intro to Stock Return Anomalies	Posted Material
Nov. 10	Portfolio Performance Evaluation	Chapter 18
Nov. 17	Portfolio Performance Evaluation	Chapter 18
Nov. 24	Thanksgiving Break	
Dec. 1	Portfolio Review	N/A
Dec. 15	Final Exam	3:30 – 6:30 PM

Note: Below is the Table of Contents for the 7<sup>th</sup> edition of the Bodie, Kane, and Marcus text. It is provided here to assist students who might have another edition of Bodie, Kane, and Marcus.

## Table of Contents –Essentials of Investments - 7<sup>th</sup> edition

### Part 1: Elements of Investments

- 1- Investments: Background and Issues
- 2- Asset Classes and Financial Instruments
- 3- Securities Markets
- 4- Mutual Funds and Other Investment Companies

### Part 2: Portfolio Theory

- 5- Risk and Return: Past and Prologue
- 6- Efficient Diversification
- 7- Capital Asset Pricing and Arbitrage Pricing Theory
- 8- Efficient Markets and the Behavioral Critique
- 9- Behavioral Finance and Technical Analysis

### Part 3: Debt Securities

- 10- Bond Prices and Yields
- 11- Managing Bond Portfolios

### Part 4: Security Analysis

- 12- Macroeconomic and Industry Analysis
- 13- Equity Valuation
- 14- Financial Statement Analysis

### Part 5: Derivative Markets

- 15- Options Markets
- 16- Option Valuation
- 17- Futures Markets and Risk Management

### Part 6: Active Investment Management

- 18- Performance Evaluation and Active Portfolio Management
- 19- Globalization and International Investing
- 20- Taxes, Inflation, and Investment Strategy
- 21- Investors and the Investment Process