



Richard E. & Sandra J. Dauch

COLLEGE OF
BUSINESS & ECONOMICS
ASHLAND UNIVERSITY

ASHLAND UNIVERSITY
CENTER FOR FINANCIAL EDUCATION
FIN 432: Investment Portfolio Management I
Fall 2010

ORGANIZATION:

Instructor: Thomas W. Harvey, DBA
Office: 103 Dauch
Hours: MWF: 2P - 5P
Others as scheduled

Voice: 419-289-5229
E-Mail: tharvey@ashland.edu

Class: The Trading Room
113 Dauch

PRE-REQUISITE:

FIN 422 - Security Analysis
Approval of Professor

READING MATERIALS:

El-Erian, Mohamed. *When Markets Collide: Investment Strategies for the Age of Global Economic Change*. New York: McGraw-Hill, 2008.
Fox, Justin. *The Myth of the Rational Market: A History of Risk, Reward, and Delusion on Wall Street*. New York: HarperBusiness, 2009.
Malkiel, Burton G. *A Random Walk Down Wall Street*. New York: W.W. Norton, 2007.
Articles as assigned.

COURSE DESCRIPTION

Course Objectives

1. To become competent in portfolio construction, management, and protection, working with the Eagle Investment Group portfolio, tracking performance and reporting results
2. To understand the theory of portfolio, construction, and protection, including portfolio theory, investment theory and policy, diversification theory, efficient market theory, etc.

3. To become familiar with analytical techniques and tools that will assist in the construction, management, and protection of the Eagle Investment Group portfolio
4. To construct, manage, and protect individual investment portfolio, tracking and reporting results

COURSE COMPETENCIES

- A. College of Business
 1. Specialized business knowledge
 2. Managerial thinking skills
 - a. Logical thinking
 - b. Conceptual thinking
 - c. Application of theories and concepts to managerial problems and solutions
 3. Communication
 - a. Oral
 - b. Written
- B. Department of Finance
 1. Interpersonal skills
 2. Tact and diplomacy
 3. Ethics
- C. Business 432 - Investment Portfolio Management
 1. Efficiency orientation
 2. Proactivity
 3. Diagnostic use of concepts

METHODOLOGY

Students will prepare an analysis of their individual sectors every other week, following the analytical framework found in Morningstar. These analyses will include complete explanations of the performance of the sector against the Dow, S&P, and Wilshire 5000 as well as other sectors within the Morningstar framework. They will also include analysis of the stocks that are in the portfolio as well as recommendations as to what purchases and sales are appropriate.

It is the responsibility of the class to be prudent and responsible in the management of the portfolio which means careful reflection and comment on any proposals that are made.

Students will be prepared to engage in class discussion about the readings that have been assigned. Intelligent participation is one of the major grading initiatives of the course.

Students will also interact with our Corporate Partners, both in class and in informal settings. Each student will prepare a “white paper” as to their thoughts and reactions to the presentations of our Corporate Partners which will be subject of discussion on a regular basis. Students will also write papers about the outside readings which will require comparisons to other authors whom they have read.

It should be noted that faculty accounts for all activity including proposals for transactions, actual sales and purchases of stock, movement of stop orders, etc., in addition to grading sector analyses, Corporate Partner “white papers,” and outside reading papers.

CLASS POLICIES:

1. Attendance and participation are essential for maximum educational advantage and will be expected. Responsibility for all course material rests entirely with each student, whether or not s/he chooses to attend class.
2. Students will be responsible for all materials even that missed if absent. There is a very good chance that those who miss class will be called upon in the next class. It will be advantageous to have the phone numbers and e-mail addresses of the other students.
3. It is the prerogative of the instructor to administer unannounced quizzes as part of the student evaluation process and to pass judgment on the merits of all assignments and other requirements.
4. It is assumed that each student will have read the text materials before class. Therefore, dialogue will attempt to supplement and expand on the material in the text.
5. As a rule, the format of the class will feature dialogue between all participants. There will be very little lecture, but, for the most part, it will be very participative. That means an emphasis on preparation. Students will also be expected to ask questions about issues and subjects about which they are unclear.
6. All assignments are due at the beginning of class. Any turned in more than 15 minutes after class has started will be considered late and will be penalized 20%
7. Cheating of any kind will result in an automatic “F” and dismissal from the class, in accordance with the procedures outlined in the *Ashland University Student Handbook*.
8. Any citations should be referenced according to accepted business formats. Plagiarism is the intentional or unintentional presentation of someone else’s words, ideas, or data as one’s own work. In the even the faculty member deems the plagiarism is unintentional, he/she shall typically require the student to rewrite the assignment. In the event the faculty member believes the plagiarism is willful, the sanctions in *Ashland University Student Handbook* will apply, including documentation of the circumstance for inclusion in the student’s personal file. If the work of another is used, acknowledgment of the original source must be made through a recognized reference practice, and, if verbatim statements are included, through quotation marks as well. To assure proper crediting, a student will acknowledge the work of others:
 - A. Whenever one quotes another person’s actual words.
 - B. Whenever one uses another person’s idea, opinion, or theory, even if it is paraphrased completely in one’s own words.
 - C. Whenever one borrows facts, statistics, or other illustrative materials -- unless the information is of such common knowledge as not to be questioned.

A grade of “0” will be given on any assignment for which plagiarism has been established.

9. Students who have more than four (4) unexcused absences will be advised to drop the course.

10. It is also the responsibility of each student to participate in our joint venture with the Career Development Center. In this semester, resumes will be finalized and two mock interviews held to prepare you for the employer interviewing process that will begin during Winter Break.

11. In that participation in the Eagle Investment Group is a privilege at Ashland University, students are expected to represent the Group in a professional manner at all times, whether that be at presentations, field trips, in conversation with other faculty, and in class.

In case students are having problems, please do not hesitate to seek counseling early -- failure to do so usually compounds things later.

STUDENTS WITH DISABILITIES

For any students who have specific physical, psychiatric, or learning disabilities and who require special accommodations, please let me know early in the semester so that your learning needs can be met appropriately. It is your responsibility to provide documentation of your disability to:

Classroom Support Services
Ms. Suzanne Salvo
Office: 105 Ams, (419) 289-5904
E-Mail: ssalvo@ashland.edu

SCHEDULE AND ASSIGNMENTS¹

Assignments

Papers: Three (3) @ 100 points per paper on each of the assigned readings

5 to 7 pages each

Due at the beginning of class on the assigned day

Reports: Six (6) @ 100 points per report on the business models of corporate partners

2 to 3 pages each

Due at the beginning of class on the assigned day

¹The schedule and the assignments are subject to revision should there be good reason. I will reserve the right to make any such changes and will make them known in class at least a week before they take effect.

Sector Analysis Presentations: Six (6) @ 100 points per presentation

2 to 4 PowerPoint slides each

Six (6) per class period

Class participation

50% of total grade

Course Schedule / Deadlines

Week of August 23

August 23 - Course Introduction

August 25 – *A Random Walk Down Wall Street*

August 27 - Portfolio Management

Week of August 30

August 30 – Sector Analysis Presentations #1

September 1 – Sector Analysis Presentations #1

September 3 – *A Random Walk Down Wall Street*

Week of September 6

September 6 – Labor Day Picnic at Brookside

September 8 – *A Random Walk Down Wall Street*

September 10 – Portfolio Management

Week of September 13

September 13 – Sector Analysis Presentations #2

September 15 – Sector Analysis Presentations #2

September 17 – *A Random Walk Down Wall Street*

Week of September 20

September 20 – *A Random Walk Down Wall Street*

September 22 – *A Random Walk Down Wall Street*

September 24 - Portfolio Management

Week of September 27

September 27 – *The Myth of the Rational Market*

September 29 – Portfolio Management

October 1 – *The Myth of the Rational Market*

Week of October 4

October 4 – *The Myth of the Rational Market*

October 6 – Portfolio Management

October 8 – Portfolio Management

Week of October 11

October 11 - Sector Analysis Presentations #3

October 13 – Sector Analysis Presentations #3

October 15 – *The Myth of the Rational Market*

Week of October 18

October 18 – Fall Break

October 20 – *The Myth of the Rational Market*

October 22 - Portfolio Management

Week of October 25

October 25 - Sector Analysis Presentations #4

October 27 – Sector Analysis Presentations #4

October 29 - Portfolio Management

Week of November 1

November 1 - *When Markets Collide*

November 3 – Portfolio Management

November 5 - No Class

Week of November 8

November 8 - Sector Analysis Presentations #5

November 10 - Sector Analysis Presentations #5

November 12 - *When Markets Collide*

Week of November 15

November 15 - *When Markets Collide*

November 17 – *When Markets Collide*

November 20 – Portfolio Management

Week of November 22

November 22 – *When Markets Collide*

November 24 – No Class

November 26 - No Class

Week of November 29

November 29 - Sector Analysis Presentations #6

December 1 – Sector Analysis Presentations #6

December 7 – Portfolio Management

Week of December 7

December 7 –

December 9 –

Sector Analysis Presentations

Group 1

Bonds
Business Services
Consumer Goods
Consumer Services
Energy
Technology
Financial Services

Group 2

Hardware
Healthcare
Industrial Materials
Mutual Funds
Software
Telecommunications
Utilities

Scale

A 100 - 90
B 90 - 80
C 80 - 70

It is not expected that any student will earn less than a grade of “B.”

This course is designed to help the student learn and become proficient in the fundamentals of portfolio construction, management, and protection. It is assumed that this is the objective of each student in the class and that each one wants to learn, otherwise you would not have applied for admission. This is to be a worthwhile experience for everyone involved.