Portfolio Management – Finance 553  
Winter Semester 2013-2014

Class Times/Room:  Tuesdays: 6 – 9: Corboy Law Center Room 552  
Instructor:  Fred Stambaugh  
Office:  Maguire Hall Rm 460  
Office Hours:  Tuesdays 5:00 – 6:00, 9:00-9:30  
Phone:  5-8587  
Email:  fstambaugh@luc.edu  
Web Page:  TBA

Description:  This is a practical course in the design and implementation of investment portfolios, concentrating on equity markets. We will discuss various approaches to valuing investments and building portfolios, theories as to the predictability of equity returns, and practical considerations in the investment management industry. Prerequisites: FINC 452

Text:  The New Finance, 4th Edition, by Robert Haugen, Prentice Hall. The text may be distributed electronically or as copied handouts due to availability issues. The attached course schedule lists the reading assignments for each class session. I expect you to complete the readings before class. There will also be handouts to be distributed in class, pertinent to specific discussions. I also strongly encourage you to stay current on financial and market events, scanning or reading current financial journals (WSJ, FT, NYT) or financial blogs (listed below) on a daily basis. Barron’s and The Economist are also excellent.

Project:  The principal assignment for this course will be the creation and management of an investment fund, which you will do in partnership with three classmates. The performance of this fund, relative to your chosen benchmark, will be a major portion of your course grade. Details of the project are described in the document, Portfolio Management Project, available on Sakai.

Trade Reports:  In support of your portfolio project, you will also prepare five trade reports, also described in the Portfolio Management Project document, in which you will detail the rationale behind specific investments made for your fund. Each trade report will focus on a particular type of trade decision. The reports of the entire team will be aggregated at the end of the term into a Final Report, which will include various performance statistics. These reports will also form a major component of your grade in the course.

Final Exam:  There will be an Excel-based take-home final examination that you will complete after the last class. You will, of course, pledge to work independently and ethically on the final exam.
Participation: Active participation is an important part of this course. I expect prompt attendance and engaged attention. I encourage you to ask questions and share comments freely. Quality trumps quantity. Please bring your name tents to each class.

Ad Hoc Quizzes: I will give a handful of unscheduled quizzes throughout the course of the term, which will deal with text material, class discussions, and/or items in the financial news. Scores on the quizzes will be included as adjustments to your Portfolio Project score. Missed quizzes cannot be made up.

Grades: Course grades will be determined by weighting class activities as follows.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Weightage</th>
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<tbody>
<tr>
<td>Fund Project</td>
<td>35%</td>
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<tr>
<td>Trade Reports</td>
<td>35%</td>
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<tr>
<td>Final Exam</td>
<td>20%</td>
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<tr>
<td>Participation</td>
<td>10%</td>
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</tbody>
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Final course grades are assigned based on the following scale.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Score Range</th>
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<tbody>
<tr>
<td>A</td>
<td>93 or above</td>
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<tr>
<td>A-</td>
<td>90.0 – 92.9</td>
</tr>
<tr>
<td>B+</td>
<td>87.0 – 89.9</td>
</tr>
<tr>
<td>B</td>
<td>82.0 – 86.9</td>
</tr>
<tr>
<td>B-</td>
<td>80.0 – 81.9</td>
</tr>
<tr>
<td>C+</td>
<td>77.0 – 79.9</td>
</tr>
<tr>
<td>C</td>
<td>73.0 - 76.9</td>
</tr>
<tr>
<td>C-</td>
<td>68.0 – 72.9</td>
</tr>
</tbody>
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Learning Outcomes: By the end of this course, you should be able to:

1. Identify a financial asset to buy or sell, and be able to defend the decision
2. Build a portfolio of assets expected to outperform a given benchmark and to conform to a given set of constraints
3. Speak knowledgeably about current events in financial markets and economic news

Course Outline: See Attached

Blogs/Websites: 
- www.finance.yahoo.com
- www.cnbc.com
- www.economist.com
- www.realclearmarkets.com
- www.ftalphaville.ft.com/blog
- www.nakedcapitalism.com
- www.pragcap.com
- www.zerohedge.com
- www.roubini.com
Quinlan School of Business Policies

Attendance
Class attendance and participation are fundamental components of learning, so punctual attendance at all classes, for the full class meeting period, is expected of Quinlan students. Faculty may set participation policies unique to their courses and use class participation as a component of the final grade. The student is responsible for any assignments or requirements missed during an absence.

Make-Up Examinations
Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believe examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period. Make-up examinations are discouraged. Exceptions may be granted only by the faculty member or department chair, and only for unavoidable circumstances (illness verified by a signed physician’s note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean.

If a make-up examination must be given, it is the responsibility of the faculty member to prepare, schedule, and proctor the exam. The only regular exception is for a student athlete, who may use the testing services of the Athletics Department to complete a make-up examination. For a student with a documented special testing need, please consult University policy concerning use of the testing center in Sullivan Center at Lake Shore Campus.

Academic Integrity
All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood. Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of “F” for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.

For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website: