
 FLORIDA ATLANTIC UNIVERSITY	NEW COURSE PROPOSAL Undergraduate Programs		UUPC Approval <u>10/10/22</u> UFS Approval _____ SCNS Submittal _____ Confirmed _____ Banner Posted _____ Catalog _____
	Department Finance College Business <i>(To obtain a course number, contact erudolph@fau.edu)</i>		
Prefix FIN Number 4560	<i>(L = Lab Course; C = Combined Lecture/Lab; add if appropriate)</i> Lab Code	Type of Course <input type="text" value="Lecture"/>	Course Title Student Managed Investment Fund
Credits <i>(See Definition of a Credit Hour)</i> 3	Grading <i>(Select One Option)</i> Regular <input checked="" type="radio"/> Sat/UnSat <input type="radio"/>	Course Description <i>(Syllabus must be attached; see Template and Guidelines)</i> The course is designed to give students hands-on experience in performing investment research, investing capital, and managing a portfolio prior to entering the workforce. Students are expected to analyze the existing portfolio composition, research investment opportunities, generate investment ideas, and make recommendations based on their analysis. Some of the research is performed individually while most research is done as a team. It is the student's responsibility to initiate research ideas and to recommend specific investment actions to fellow students and a governing board. Note. This course has been offered for three times as a Special Topics course.	
Effective Date <i>(TERM & YEAR)</i> Spring 2023		Prerequisites, with minimum grade* FIN3403 with minimum grade "C"	Corequisites None
			Registration Controls <i>(Major, College, Level)</i> None
*Default minimum passing grade is D-. Prereqs., Coreqs. & Reg. Controls are enforced for all sections of course			
WAC/Gordon Rule Course <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No WAC/Gordon Rule criteria must be indicated in syllabus and approval attached to proposal. See WAC Guidelines .		Intellectual Foundations Program (General Education) Requirement <i>(Select One Option)</i> None General Education criteria must be indicated in the syllabus and approval attached to the proposal. See Intellectual Foundations Guidelines .	
Minimum qualifications to teach course Master's or PhD in Finance or related fields			
Faculty Contact/Email/Phone Anna Pomeranets/apomeranets@fau.edu/-72607		List/Attach comments from departments affected by new course	
Approved by Department Chair <u></u> College Curriculum Chair <u>Ethlyn Williams</u> College Dean <u>Paul Han</u> UUPC Chair <u>Ethlyn Williams</u> Undergraduate Studies Dean <u>Dan Meeroff</u> UFS President _____ Provost _____		Date <u>Sept 8 2022</u> <u>9/21/22</u> September 26, 2022 <u>10/10/22</u> <u>10/10/22</u> _____ _____	

Email this form and syllabus to mjenning@fau.edu seven business days before the UUPC meeting.



FIN4560
Student Managed Investment Fund

XXXX
3 credits

XXXX

Prof. XXXXX YYYYY

Office: XXXXXX

Office hours: xxxx

Classroom: XXXX

Telephone: 561-297-XXXX

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Course Description

The course is designed to give students hands-on experience in performing investment research, investing capital, and managing a portfolio prior to entering the workforce. Students are expected to analyze the existing portfolio composition, research investment opportunities, generate investment ideas, and make recommendations based on their analysis. Some of the research is performed individually while most research is done as a team. It is the student's responsibility to initiate research ideas and to recommend specific investment actions to fellow students and a governing board.

Instructional Method

In-Person. There is no remote option for this course.

Prerequisites

FIN3403 with minimum grade "C".

Course Objectives/Student Learning Outcomes

The objective of this course is to introduce the students to the critical steps in the investment process involved in running a student managed investment portfolio. Students will examine many of the key concepts in asset management with a focus on equity portfolios. Students will marry academic concepts with practical know-how, including for example the use of a Bloomberg terminal to screen for stocks. The student will develop a framework to screen for mispriced securities. At the end of this course, students should be able to write a security recommendation report with an analytically supported investment thesis. During this course, we will emphasize valuation techniques building a strong knowledge of DCF and cash flow based analysis, as well as the most common ratios used in the asset management industry. We will also introduce common relative valuation ratios to identify mispriced securities. The student should also develop an understanding of the risk management issues in managing a portfolio, including risk assessment techniques and performance measurement metrics. The students will write a report, making an investment recommendation to the investment committee. Students will also present an asset allocation model for their portfolio and test its performance under different macroeconomic regimes. Students should leave the class familiar with basic security analysis tools available on Bloomberg, capable of building a DCF in Excel spread sheet, and with a robust understanding of equity security analysis in the context of a portfolio.

Course Evaluation Method

Examinations and Grade Weighting

Midterm Exam 10% of grade

Final Exam 25% of grade

Assignment #1 10%

Assignment #2 20%

Assignment #3 10%

Class Participation 25%

Assignment #1 Analysis of Security Report

I will pass out a security report from a brokerage house. Students will be required to write a critical analysis of it, evaluating its strengths and weaknesses. This exercise will constitute assignment #1.

Assignment #2 Investment Recommendation to the fund- Small Group Presentation

Each group of students will write a report recommending a security following a standard template that will be passed out. The students will make a 10 minute presentation to class. The students will then critique the investment recommendation. This will be assignment #2.

Assignment #3 Sample Portfolio Allocation and Analysis –Small Group Presentation

This assignment will entail a small group presenting a portfolio allocation and identifying risks in several sample portfolios. The students will make a 10 minute presentation to the class.

Extra Credit – Students will be given the option of taking the Bloomberg Market Concepts (BMC) training and certification for Extra Credit.

Course Grading Scale

The following grading scale will be applied:

Score out of 100 points	Grade				
92-100	A	80-81	B-	67-69	D+
90-91	A-	77-79	C+	62-66	D
87-89	B+	72-76	C	60-61	D-
82-86	B	70-71	C-	Below 60	F

Policy on Makeup Tests, Late Work, and Incompletes (if applicable)

Make-up exams are not permitted and will only be offered at the discretion of the instructor if the student advised the instructor of the need to miss a scheduled exam far in advance and as soon as possible for the student. The offering of a make-up exam will only be considered where the exam was missed because of extreme and serious circumstances. Late assignments are not accepted. Grades of Incomplete (“I”) are reserved for students who are passing a course but have not completed all the required work because of exceptional circumstances.

Attendance Policy

Students are expected to attend all of their scheduled University classes and to satisfy all academic objectives as outlined by the instructor. The effect of absences upon grades is determined by the instructor, and the University reserves the right to deal at any time with individual cases of non-attendance. Students are responsible for arranging to make up work missed because of legitimate class absence, such as illness, family emergencies, military obligation, court-imposed legal obligations or participation in University-approved activities. Examples of University-approved reasons for absences include participating on an athletic or

scholastic team, musical and theatrical performances and debate activities. It is the student's responsibility to give the instructor notice prior to any anticipated absences and within a reasonable amount of time after an unanticipated absence, ordinarily by the next scheduled class meeting. Instructors must allow each student who is absent for a University-approved reason the opportunity to make up work missed without any reduction in the student's final course grade as a direct result of such absence.

Counseling and Psychological Services (CAPS) Center

Life as a university student can be challenging physically, mentally and emotionally. Students who find stress negatively affecting their ability to achieve academic or personal goals may wish to consider utilizing FAU's Counseling and Psychological Services (CAPS) Center. CAPS provides FAU students a range of services – individual counseling, support meetings, and psychiatric services, to name a few – offered to help improve and maintain emotional well-being. For more information, go to <http://www.fau.edu/counseling/>

Disability Policy

In compliance with the Americans with Disabilities Act Amendments Act (ADAAA), students who require reasonable accommodations due to a disability to properly execute coursework must register with Student Accessibility Services (SAS) and follow all SAS procedures. SAS has offices across three of FAU's campuses – Boca Raton, Davie and Jupiter – however disability services are available for students on all campuses. For more information, please visit the SAS website at www.fau.edu/sas/.

Code of Academic Integrity

Students at Florida Atlantic University are expected to maintain the highest ethical standards. Academic dishonesty is considered a serious breach of these ethical standards, because it interferes with the university mission to provide a high quality education in which no student enjoys an unfair advantage over any other. Academic dishonesty is also destructive of the university community, which is grounded in a system of mutual trust and places high value on personal integrity and individual responsibility. Harsh penalties are associated with academic dishonesty. For more information, see <https://www.fau.edu/regulations/documents/chapter4/req4-001-6-7-22.pdf>.

Required Texts/Readings

I will hand out several securities reports throughout the term.

Textbooks: *Required Textbook: Trading and Money Management*, Bruce, Greene

Supplementary/Recommended Readings (if applicable)

Suggested additional reading: *Investments*, Bodie, Kane, Marcus

Course Topical Outline

Tentative Schedule (e.g., Spring 2019)

Week of Jan 7, 2019 – Course Introduction Key Topics: Overview of the efficient market Hypothesis and its implications for active asset management. Defining an investment philosophy. Review of critical steps in investment process. Review of common investment styles including Value, Growth, Momentum and GARP.

Assigned Reading: Bruce and Green, Chapters 1 and 2

Week of Jan 14, 2019 – Overview of Discounted Cash flow Model. Review of CAPM. Review of the dividend discount model. Overview of the Discounted Cash Flow Model. Discussion of importance of the equity risk premium. Strengths and weaknesses of using DCF based approach to determine intrinsic value. Flaws and reasons many investment professionals do not use a DCF based approach.

Assigned Reading: Bruce and Green, Chapter 3

Week of Jan 21, 2019 – Relative valuation techniques. Ratio analysis including P/E, Price/Sales, Price/Book, Price to tangible book, free cash flow yield enterprise value to EBITDA and EV/EBITA. A look at some basic measures of earnings quality. Examination of sector specific ratios and different approaches for sectors including for example financial stocks and energy stocks. A review of historical valuation analysis with relative multiples. A brief look at statistical measures of cheapness incorporating the concept of reversion to the mean.

Assigned Reading: Bruce and Green, Chapter 3

Week of January 28, 2019 – An overview of key macroeconomic inputs in the investment process. Importance for investing regimes including such factors as dollar strength, inflation expectations, rising interest rates, global growth act. The role of sell-side estimates, revisions and consensus recommendations in the investment process.

Week of February 4, 2019 – Stock Screening. Common screens. Using Bloomberg tools to screen for stocks Exam **Due diligence in security research.** Mosaic theory. REG FD and other regulatory issues. Public sources of information. Sources of competitive advantage. The search for an edge.

Week of February 11, 2019 – Midterm Exam

Week of February 18, 2019 – Developing an investment thesis and writing a security report. Credit analysis of security and incorporating credit signals into security analysis. A look at credit default swaps, basic credit risk ratios.

Week of February 25, 2019 – Key concepts from behavioral finance and its implications active asset management
Suggested Reading: TBD

Spring Break Week of March 4, 2019

Required Reading Sample Analyst Report

Week of March 11, 2019 – Security, Sector Weightings and benefits of diversification.

Sector, geography and other forms of diversification. Commonly used heuristics in risk management. Volatility as a proxy for risk. Value at risk and scenario based analysis risk management measures. Liquidity constraints. Trading and price impact. Market Correlation of portfolio.

Assigned Reading: Bruce and Green, Chapter 4

Assignment #1 due analyzing and critiquing a sample equity report

Week of March 18, 2019 – Understanding stock beta, leveraging CAPM. Market risk versus idiosyncratic risk. Role of defensive versus offensive stocks. Beta Delta adjusted position of aggregate portfolio. Common risk adjusted measurements of Portfolio Performance including Sharpe ratio, Sortino ratio.

Assigned Reading: Bruce and Green, Chapter 4

Week of March 25, 2019 – Equity derivatives, implied volatility, short selling, CDS and other and alternative financial instruments.

Week of April 1, 2019 – International investing. Key pros and cons including accounting differences, lower transparency, corporate governance, currency risk. The reasons to invest as well as downside risks to investing in emerging markets.

Week of April 08, 2019 – Mergers and Acquisitions.

Assignment #3 due.

Week of April 15, 2019 – Review of Key concepts for the exam

Week of April 22, 2019 – Final exam