

Course Syllabus

Course Information

Advanced Portfolio Management FIN 6312

Fall 2007

Section 001

T: 4:00-6:45 pm

SM 2.714

Professor Contact Information

Professor Kelsey D. Wei

Phone: 972-883-5978

Office Hours: W 10:00am -12:00 pm or by appointment

Office: SM 3.802

Email: kelsey.wei@utdallas.edu

Web: WebCT

TA Information

Yin Li (Jay)

Phone: 972-883-4889

Office Hours: TBA

Office: SM 3.226

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Course Pre-requisites, Co-requisites, and/or Other Restrictions

Since the professional portfolio management industry has relied increasingly more on quantitative analyses, significant mathematical and statistical knowledge is required for this course, especially knowledge on probability distributions and regression analysis. It is also very important to review basic principals and concepts of investment management. Proficiency in Excel statistical tools is required. Investment Management (FIN 6310) and Statistics 5311 are prerequisites.

Course Description

This course is an MBA elective course that focuses on the theory and practice of modern portfolio management. In addition to providing in-depth discussions of portfolio construction, monitoring and evaluation, it will allow students to gain hands-on experience through case study and portfolio simulation. Major topics will include asset pricing models, equity and bond portfolio management, performance evaluation and new developments in professional asset management. Students targeting the professional asset management career or planning to take the CFA test will find this course particularly useful.

Student Learning Objectives/Outcomes

- Students will understand the basic portfolio theories and their implications for portfolio construction and management
- Students will understand and be able to apply equity and bond portfolio management strategies and portfolio performance evaluation methods
- Students will gain hands-on experience in managing portfolios via case study and trading simulation

- Students will learn the new developments in professional asset management

Required Textbooks and Materials

1. *Investment Analysis and Portfolio Management*, 8th edition, by Reilly and Brown, Southwestern, 2006.

2. *Dimensional Fund Advisors*, 2002, Harvard Business School Case

3. Group registration with *Stock-Trak* is required

You need a financial calculator for this course. You may use any model of your choice. But it's **your own responsibility** to learn the functions of your financial calculator.

Suggested Course Materials

Managing Investment Portfolios: A Dynamic Process, 3rd edition, by Maginn, Tuttle, Pinto and McLeavey, Wiley, 2007

It is **strongly recommended** that you read *Wall Street Journal* on a regular basis. Articles and figures from Wall Street Journal and other supplemental readings will frequently be referenced in class.

Assignments & Academic Calendar

Date	Class	Topic and Reading	Assignments
Aug 21	1	Introduction to Portfolio Management Readings: Chapter 7	
Aug 28	2	Introduction to Asset Pricing Models Readings: Chapter 8 Multifactor Models of Risk and Return Readings: Chapter 9	Last day for voluntary group formation
Sep 4	3	Analysis and Management of Common Stocks Readings: Chapters 11-14	Trading starts Initial Trading Report assigned
Sept 11	4	Equity Portfolio Management Strategies (1) Readings: Chapter 16	Quantitative Exercise 1 assigned
Sept 18	5	Equity Portfolio Management Strategies (2) Readings: Chapter 16	
Sept 25	6	Bond Portfolio Management Strategies (1)	Quantitative Exercise 1 due

		Readings: Chapter 19	
Oct 2	7	Bond Portfolio Management Strategies (2) Readings: Chapter 19	Initial Trading Report due
Oct 9	8	Midterm Exam	
Oct 16	9	Evaluation of Portfolio Performance (1) Readings: Chapter 25	
Oct 23	10	Evaluation of Portfolio Performance (2) Readings: Chapter 25	DFA case and Quantitative Exercise 2 assigned
Oct 30	11	Professional Asset Management Readings: Chapter 24	
Nov 6	12	Swaps Readings: Chapter 23	Quantitative Exercise 2 due Trading ends on Nov 9
Nov 13	13	Group Presentation	
Nov 20	14	Group Presentation	
Nov 27	15	Group Presentation (if necessary)	DFA case and Trading Report due

Grading Policy

Midterm Exam	35%
Quantitative Exercise 1	15%
Quantitative Exercise 2	15%
Stock-Trak	20%
Case Report	15%

Course & Instructor Policies

Attendance

- Regular class attendance is expected. The pace of the course will be fast, so it's important to keep up with the material. If a class is missed, you are responsible for obtaining notes from WebCT or your fellow classmates to determine what has been missed. I will not respond to requests to go through important things that are missed due to your absence from class.

- After going over the notes and reading the material, please feel free to talk to me if you have difficulty with any topic. I encourage you to seek help from me early on so that you won't accumulate too many problems and have difficulty catching up.

Work Load

This is a very time intensive course compared with other business classes you have taken. If you cannot afford to devote at least several hours after each class to review course materials and work on assignments, you should re-consider your decision to take this course.

Make-up Exam

All assignments and exams are mandatory. It's your own responsibility to arrange your schedule through out the semester to coordinate with the course schedule before you register for this course. **No make-up exam or alternative test date** will be given except for true emergency that can be properly documented.

Re-grading Policy

Re-grading requests must be submitted in writing providing clear and specific description of the disagreement, within **THREE** calendar days from the time the exam/assignment is returned in class. I will re-grade the entire exam/assignment upon receiving your written re-grading request to ensure that both favorable and unfavorable grading errors are corrected.

Method of Communication

Email is the preferred the method of communication with me. I usually check emails pretty frequently even after business hours. Unless it is an emergency, please try not to call me at my office without prior appointment. Also, I'll try my best to promptly respond to your requests/questions via email instead of calling you back at your personal or business numbers except for extraordinary circumstances.

Technical Support

If you experience any problems with your UTD account you may send an email to: assist@utdallas.edu or call the UTD Computer Helpdesk at 972-883-2911.

Field Trip Policies

Off-campus Instruction and Course Activities

Off-campus, out-of-state, and foreign instruction and activities are subject to state law and University policies and procedures regarding travel and risk-related activities. Information regarding these rules and regulations may be found at the website address http://www.utdallas.edu/BusinessAffairs/Travel_Risk_Activities.htm. Additional information is available from the office of the school dean. Below is a description of any travel and/or risk-related activity associated with this course.

Student Conduct & Discipline

The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities. General information on student conduct and discipline is contained in the UTD printed publication, *A to Z Guide*, which is provided to all registered students each academic year.

The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the *Rules and Regulations, Series 50000, Board of Regents, The University of Texas System*, and in Title V, Rules on Student Services and Activities of the university's *Handbook of Operating Procedures*. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU 1.602, 972/883-6391) and online at <http://www.utdallas.edu/judicialaffairs/UTDJudicialAffairs-HOPV.html>

A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.

Academic Integrity

The faculty expects from its students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work.

Scholastic Dishonesty, any student who commits an act of scholastic dishonesty is subject to discipline. Scholastic dishonesty includes but is not limited to cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give unfair advantage to a student or the attempt to commit such acts.

Plagiarism, especially from the web, from portions of papers for other classes, and from any other source is unacceptable and will be dealt with under the university's policy on plagiarism (see general catalog for details). This course will use the resources of turnitin.com, which searches the web for possible plagiarism and is over 90% effective.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted materials, including music and software. Copying, displaying, reproducing, or distributing copyrighted works may infringe the copyright owner's rights and such infringement is subject to appropriate disciplinary action as well as criminal penalties provided by federal law. Usage of such material is only appropriate when that usage constitutes "fair use" under the Copyright Act. As a UT Dallas student, you are required to follow the institution's copyright policy (Policy Memorandum 84-I.3-46). For more information about the fair use exemption, see <http://www.utsystem.edu/ogc/intellectualproperty/copypol2.htm>

Email Use

The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student's U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individual corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at U.T. Dallas provides a method for students to have their U.T. Dallas mail forwarded to other accounts.

Withdrawal from Class

The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, I cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.

Student Grievance Procedures

Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's *Handbook of Operating Procedures*.

In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called "the respondent"). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at that level, the grievance must be submitted in writing to the respondent with a copy of the respondent's School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean's decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the dean will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.

Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.

Incomplete Grade Policy

As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester's end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of **F**.

Disability Services

The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in room 1.610 in the Student Union. Office hours are Monday and Thursday, 8:30 a.m. to 6:30 p.m.; Tuesday and Wednesday, 8:30 a.m. to 7:30 p.m.; and Friday, 8:30 a.m. to 5:30 p.m.

The contact information for the Office of Disability Services is:
The University of Texas at Dallas, SU 22
PO Box 830688
Richardson, Texas 75083-0688
(972) 883-2098 (voice or TTY)
disabilityservice@utdallas.edu

If you anticipate issues related to the format or requirements of this course, please meet with the Coordinator of Disability Services. The Coordinator is available to discuss ways to ensure your full participation in the course. If you determine that formal, disability-related accommodations are necessary, it is very important that you be registered with Disability Services to notify them of your eligibility for reasonable accommodations. Disability Services can then plan how best to coordinate your accommodations.

It is the student's responsibility to notify his or her professors of the need for such an accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.

Religious Holy Days

The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated.

The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the length of the absence, up to a maximum of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment.

If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.

These descriptions and timelines are subject to change at the discretion of the Professor.