

Course Syllabus

Course Information

FIN 6364- 001 Portfolio Management Fall 2011
University of Texas at Dallas School of Management
8:30am to 10:45am Saturday SOM 1.117

Professor Contact Information

Professor: Mark M. McNabb, Ph.D., CFA
Office: tba
Phone: tba
Hours: After class or by appt.
Email: drmarkmmcnabb@gmail.com

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

FIN 6310 Investments, FIN 6306 Quantitative Methods

Course Description

This course presents the mainstream and alternate view of portfolio management using research papers, articles, and materials from academics, finance professionals, and from market events. Many of the concepts covered are covered in the body of knowledge leading to the CFA designation.

Student Learning Objectives/Outcomes

Students will gain knowledge in market structure, asset allocation, performance measurement, market efficiency, optimization, and asset return factors.

Required Textbooks and Materials

No required text.

Suggested Course Materials

A Random Walk Down Wall Street by Burton Malkiel
Investments by Bodie, Kane, and Marcus
Investments and Portfolio Management by Reilly and Brown (CFA book)
Pioneering Portfolio Mgmt by David Swenson

Various papers and files on Blackboard

Suggested Readings and Internet Links for Self-study

Suggested Readings in Finance

History, fiction, biography and investment analysis. If you have a suggestion, let me know.

<i>Random Walk Down Wall Street</i>	<i>Liar's Poker</i>
<i>Predator's Ball</i>	<i>House of Morgan</i>
<i>Educator of a Speculator</i>	<i>Triumph of the Optimists</i>
<i>Wheel, Deal, and Steal</i>	<i>Running with the Bulls</i>
<i>Reminiscences of a Stock Operator</i>	<i>Essays of Warren Buffett</i>
<i>Beating The Street</i>	<i>Investment Biker Around the World with Jim Rodgers</i>
<i>Fooled by Randomness</i>	<i>When Genius Failed</i>
<i>The Panic of 1907</i>	<i>The Ascent of Money</i>
<i>Against the Gods</i>	<i>Barbarians at the Gate</i>
<i>The Intelligent Investor</i>	<i>The Power of Gold: The History of an Obsession</i>
<i>Demon of Our Own Design: Markets, Hedge Funds, and the Perils of Financial Innovation</i>	
<i>The Snowball: Warren Buffett and the Business of Life</i>	

These books cover markets and investing:

Malkiel, *A Random Walk Down Wall Street*
Altucher, *Trade Like A Hedge Fund*
Schwager, *The New Market Wizards: Conversations with America's Top Traders*
Dimson et al, *Triumph of the Optimists*
Niederhoffer and Kenner, *Practical Speculation*
Siegel and Bernstein, *Stocks for the Long Run*
Greenblatt, *The Little Book That Beats the Market*
Barton Biggs, *Hedge Hogging*

Internet Finance Links (If you have a favorite for the list, let me know.)

Daily News:

reuters.com
marketwatch.com
bloomberg.com
thomsoninvest.net
realclearmarkets.com
investors.com
FT.com and wsj.com

Market News:

Nyse.com and Nasdaq.com
yahoo finance news, financials, charts quote.com for after market delayed quotes
msn.moneycentral.com for insight section
the economist and ny times for macroeconomic analysis
briefing.com
cnbc.com and cnnfn.com are cable news providers
smartmoney.com for Heat maps of the market
thestreet.com financial “newspaper”
stocksmart.com industry info

Technology News

siliconinvestor.com and techweb.com were noted for forums of commentary
cnet.com or news.com
sjmercury.com san jose paper covers silicon valley

Energy News Platts.com

Charting bigcharts.com and barchart.com

Institutional Data

StandardandPoors.com
Frankrussell.com
Zacks.com
Valueline.com
Moodys.com

Hedge Funds and Investment Commentary

GMO’s Jeremy Grantham’s market letter www.gmo.com (\$108B AUM) see the library for JG’s views
Heckman Global www.heckmanglobal.com Macro investor
Bespoke’s blog www.bespokeinvest.com Market data and historical facts
Bridgewater is largest HF www.bwater.com
Laszlo Birinyi www.birinyi.com Long time market researcher
Cumberland Advisors www.cumber.com Popular NYC advisor
The Big Picture www.ritholtz.com/blog/ Barry Ritholtz economic views
Calculated Risk www.calculatedriskblog.com
Zero Hedge www.zerohedge.com Tyler covers the industry
Minyanville’s Todd Harrison’s trading analysis www.minyanville.com
CXOAdvisory www.cxoadvisory.com for reviews of research papers on investing

Mutual Fund Analysis

morningstar.com for mutual fund info -- fidelity and vanguard.com for specifics on their funds

One of Several Dilbert Finance Links -- <http://www.unitedmedia.com/comics/dilbert/financial/tphbx.html>

Assignments & Academic Calendar

Calendar & Assignments (Preliminary)

Aug 27 Intro

Aug 27 IPS

Sep 3 Strategic / Tactical Asset Allocation / International Allocation

1. Harvey - Global Tactical Allocation

2. Heckman – International Allocation

Sep 10 Market Efficiency / CAPM

Stats and Quants

Sep 17 Enhanced Indexing and Anomalies

3. Fama French Migration

4. Welch and Ritter - IPO Review

5. Banz - Size Effects

6. Anderson – Longterm PE Effects

Sep 24 Fama French 3 Factor Model and Challenges to MPT

7. Fama and French The Cross Section of Returns

8. Schwert - Anomalies and Market Efficiency

9. Chan et al - Earnings Quality

10. Jegadeesh - Analysts Revisions

Oct 1 **Stats Spreadsheet Assignment**

Oct 1 Implementation, Monitoring and Rebalancing

11. Luck and Fund Performance

12. Diversification by Industry

13. Carhart - Mutual Fund Persistence

14. Ang – Analysts and Returns

Oct 8 **Exam 1**

Oct 15 CAPM Assignment Comments

23. Sector Choice

24. Sector Order Flow

25. Long Term Market Timing

Oct 15 **CAPM Assignment**

Oct 22 Optimization Assignment Comments and Performance Attribution, Monitoring and Feedback

Momentum Investing

15. Asness Value and Momentum

16. Asness Industry Momentum

17. Jegadeesh and Titman Winners and Losers

18. Momentum Disappearance

Oct 22 **Optimization Assignment**

Oct 29 Behavioral Finance

19. Coval on Trading Losses

20. Technical Trading Revisited

21. Lamont on Dumb Money

22. Traders Inst. And Returns

26. Value vs. Growth & alternate papers if any

Nov 5 Performance Attribution **Work on CAPM and Optimization Assignment**

Nov 12 Presentations on Portfolios

Nov 19 **Exam 2**

Nov 24 **Thanksgiving Holiday**

Nov 26 **No Class** Holiday

Dec 3 Presentations and Reports Due

Dec 9-14 Exam Week Last Day of Classes Dec 5th

Grading Policy

Grading follows your ranking versus your peers. Your performance on 2 tests and 2 projects that you present in class will determine your grade.

Exams to account for 80% (40% each) of course grade. Projects are 10%.

Course & Instructor Policies

There are no extra credit projects or papers.

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

There are no field trips planned.

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 equal educational opportunities. Disability Services provides students with a documented letter to present to the faculty members to verify that the student has a disability and needs accommodations. This letter

should be presented to the instructor in each course at the beginning of the semester and accommodations needed should be discussed at that time. It is the student's responsibility to notify his or her professors of the need for accommodation. If accommodations are granted for testing accommodations, the student should remind the instructor five days before the exam of any testing accommodations that will be needed. Disability Services is located in Room 1.610 in the Student Union. Office hours are Monday – Thursday, 8:30 a.m. to 6:30 p.m., and Friday 8:30 a.m. to 5:00 p.m. You may reach Disability Services at (972) 883-2098.

Guidelines for documentation are located on the Disability Services website at <http://www.utdallas.edu/disability/documentation/index.html>

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.