Security Analysis and Portfolio Management  
Finance 533 Spring 2004

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Office hours: 2:30 – 3:45 Tues. and Thurs., or by appointment  
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Goals and Objectives: The analysis and valuation of securities and the management of investment portfolios. Students will analyze the composition of, make buy/sell recommendations for, and evaluate the performance of an actual investment portfolio.

Course Materials and expectations:  
The required textbook for this course is Contemporary Investments Security and Portfolio Analysis, 4th edition, Hearth & Zaima © 2004 by South-Western.

You are expected to stay current with all financial news. The best way to do this is to read the Wall Street Journal regularly, and track financial news on the web.

Competence in MS Word (or equivalent) and MS Excel (or equivalent) is essential in this course.

Once the course gets underway, students will be expected to produce research reports, market analyses and updates, and stay current on market news on a daily basis. You are expected to devote a significant amount of time and effort to this course.

Prerequisites:  
C minimum in FIN 331, and completion of FIN 334 and ACCY 301.

I am assuming that you have a good understanding of several important finance concepts such as WACC, CAPM, and the DCF method of valuation, although we will review these concepts at the beginning of the course.

Classroom:  
A large proportion of the work in the course will be completed in student teams.  
In addition to the team projects, I will lecture on various aspects of valuation and portfolio analysis. There will also be 3 mid-term exams and a final exam.

I am expecting you to treat this course as though you are an investment manager. Therefore, I expect a very high level of professionalism. As a result, failing to turn in a report on time will result in a grade of zero for that part of the course. You should take great care to back up your work and allow time to get the reports done. Poor grammar, typos, etc will also result in significant grade penalties.

Finance 533  Security Analysis and Portfolio Management—Spring 2004—Syllabus
Student Teams
The teams should are much like sub-groups of an investment management firm with responsibilities for particular stocks or segments of the overall portfolio. An important element of the course is the team’s ability to deliver timely, accurate and professional investment advice to the class.

Each team is responsible for one stock and for following the industry that their stock is in.

The specific responsibilities of the student teams are as follows:

1. New Stock Analysis.
The members of the team will work together as a research team to screen for a potential stock to add to the portfolio. Each team will make a presentation (written and verbal) to the class on a potential buy recommendation that has resulted from the team's analysis. The analysis report and presentation should be technically very rigorous and thorough. Copies of the report should be provided to me one class period before the presentation. The presentation will last about 20 minutes. The report must follow the standard report format. Each team must inform me of their stock pick at least 1 week before they present—the precise dates are shown on the class schedule. The class will then vote on the recommendation – a 2/3 majority being needed to implement the recommendation.

2. Supplemental stock analysis.
Every team must complete an abbreviated analysis of the stock being presented. This analysis will follow a format, which I will make available on the web. These will be collected and graded. The purpose of the supplemental analysis is to ensure that every team is ready to discuss the stock being presented.

3. Presentation of news items.
Each team is responsible for following news stories on their stocks; the existing stock that they were assigned, and the new stock that they are either analyzing or that has already been purchased based on their recommendations. At the beginning of each class there will be time for the presentation of news items. If there has been a news item on your stock (or in your stock’s industry that might impact your stock), your team (or a member of the team) must make a brief presentation to the class on the nature of the news and how that impacts our holding of the stock. Additionally, you should provide me with a brief synopsis of the story and your analysis. Note that just saying “XYZ Corp started a joint venture with ABC Corp last week” is not satisfactory – we want analysis. Also note that if the story is trivial, then don’t waste our time – it is up to you to decide if the story is important. I will deduct points for stories missed and trivial stories discussed. You should plan on checking the news on your stock before every class.

4. Regular market updates.
Each class period, a different team will be responsible for updating the class on any major movements in the equity and bond markets and on any important events in the financial world. Paying attention to recent “Abreast of the Market” and “Heard on the Street”
columns from the Wall Street Journal will help you enormously. Note that just saying “the Dow was up 30 points since last class” will get you a D for this part of the course. You must provide analysis. Plan on discussing the latest inflation news, Fed news, major market plays – takeovers, mergers etc. Be creative, but remember that what we need is your analysis of the news. You should also plan on presenting an interesting news item to the class – anything about stock investing. You can usually find something in the Wall Street Journal.

Exams
There will be three mid-term exams and a cumulative final. Anything covered in class, or in the assigned chapters of the book is fair game.

**There will be no make-up exams. It is your responsibility to attend all exams at the scheduled time.** The exam portion of your grade is calculated on a best 3-out-of-4 basis. If an exam is missed – whether due to an emergency, tragedy, or simply because you are unprepared – then the remaining three test scores will be used to compute your exam portion of the class grade. Please do not ask to be granted an exception since **there are no exceptions to this policy.**

Peer Evaluation
At the end of the semester each team member will provide me with a confidential peer evaluation of the other team members, indicating the contribution to the group work that each team member made.

Class participation
I will generally award all students the same participation grade, with extra points going to those students who make an interesting and useful contribution to class

Grading
Please note: I cannot work out the exact number of market updates and supplemental analysis reports that need to be done until I know the exact enrollment in the class - this information will be updated as soon as possible.

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<td>New Stock Analysis</td>
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<td>Supplemental Analysis</td>
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<td>Presentation of News Items</td>
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* items are group work.
Attendance policy
Attendance is expected throughout the course, in particular when we have a guest lecturer and when stock analyses are being presented. Failure to attend class when we have an outside speaker will result in a 30 point penalty. Failure to attend when an analysis is being presented will result in a 15 point penalty for each case presentation that you miss. Excused absences are permitted if you have obtained prior permission from me. You are allowed one unexcused absence from a stock analysis presentation with no grade penalty. If you miss your own group presentation then you will receive a grade of 0 for that part of the course (“new stock analysis”).

I recommend that you attend the class lectures as I will incorporate additional material that is not in the text. However, if you miss a lecture, there is no grade penalty.

Finally, as the course schedule is tentative, it is your responsibility to ascertain whether the class meeting will be a stock analysis presentation, an outside speaker, or a regular lecture.

Tentative Schedule.
Please note that I expect some of these dates to change as we progress through the course.

The schedule is posted on the website:
http://faculty.bus.olemiss.edu/bvanness/Spring%202004/FIN%20533/calendar533.pdf

Notes:
It is the responsibility of any student with a disability who requests a reasonable accommodation to contact the Office of Student Disability Services (915-7128). SDC will then contact the instructor through the student by means of an Instructor Notification of Classroom Accommodations form. Please complete the notification procedure within the first two weeks of the course.

Any student caught cheating will be assigned an F in the course. In most cases a statement will also be made to that effect in the student’s record.