FINC 852: Investment Analysis & Portfolio Management  
University of Delaware

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Course Objective:  
To learn the tools of security analysis and investment management. This course will cover market structure and trade execution issues, how client characteristics affect portfolio construction, techniques in making asset allocation decisions and security selection decisions, market efficiency, trading strategies, and basic risk management using option and futures contracts.

Expectations:  
Expect the course to help you think about security valuation and portfolio management, and provide the necessary background to enter the investment industry or related fields. Students should be familiar with net present value and dividend discount models, accounting statements, and basic statistical methods (including regression analysis). Students will download data from the trading center or the internet and analyze it within Microsoft Excel.

Grading:  
Grades are based on three exams (20% each), Project 1A Portfolio Theory (15%), Project 1B Valuation (15%), and Project 2 Portfolio Analysis (10%). During each test you may refer to one page, one side (8 ½” x 11”) of hand written notes (Yes, a cheat-sheet). The three projects consist of formal reports built upon portfolio theory we learn in class. They are designed to give you experience creating, monitoring, and reporting on the performance of a portfolio using various tools learned in class. You must complete projects 1A and 1B in groups of 2. Project 2 should also be completed in a group with a maximum of 4 students.

The University’s Policy of Academic Dishonesty applies to this course. You are expected to take tests and hand in project work on or before the scheduled dates. If an illness or other extenuating circumstance will cause you to miss a test, please inform me immediately. Unexcused absence from a test produces a grade of zero on that test. Projects which are delivered late will lose 10% off full value for every day or fraction of a day late.
Grading Scale:

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<tr>
<th>Percentage Range</th>
<th>Grade</th>
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<tbody>
<tr>
<td>93% and above</td>
<td>A</td>
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<tr>
<td>90% - 92%</td>
<td>A-</td>
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<tr>
<td>87% - 89%</td>
<td>B+</td>
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<tr>
<td>83% - 86%</td>
<td>B</td>
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<tr>
<td>80% - 82%</td>
<td>B-</td>
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<td>77% - 79%</td>
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<td>73% - 76%</td>
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<td>70% - 72%</td>
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<tr>
<td>60% - 62%</td>
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<tr>
<td>Less than 60%</td>
<td>F</td>
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Textbook:

Office Hours:
My office hours are on Monday and Wednesday from 9:30-1030am. You are always welcome to schedule an office appointment for other times. Most students find e-mail to be the easiest way to communicate, but don’t be shy in asking for help or meeting in person if necessary.

Supplemental Readings
If you are interested in building your finance library I recommend the following:

- A Random Walk Down Wall Street by Burton G. Malkiel
- Bogle on Mutual Funds, by John C. Bogle
- Stocks for the Long Run by Jeremy J. Siegel
- Irrational Exuberance by Robert J. Shiller
- Fooled by Randomness by Nassim Nicholas Taleb
- The Intelligent Investor: The Definitive Book on Value Investing, Revised Edition by Benjamin Graham

Beware of any book that has “How to beat the market” or a similar phrase in the title. If the author really knew how to beat the market they would NOT write a book about it.
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<thead>
<tr>
<th>Date</th>
<th>Room</th>
<th>Monday</th>
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| 9/10   | 118 & ETC | Investments: Background & Issues (Ch 1)  
                     Intro to Bloomberg                                           |
| 9/17   | 118   | Financial Instruments (Ch 2)  
                     Securities Markets (Ch 3)                                   |
| 9/24   | ETC   | Securities Markets Cont'd  
                     Trading Simulations  Begin Project 2                   |
| 10/1   | 118   | Mutual Funds and Other Inv. Companies (Ch 4)  
                     Risk & Return (Ch 5)  Begin Project 1A               |
| 10/8   | 118   | Exam 1 (Ch 1-4)  
                     Diversification (Ch 6)  Project 1A Exercise           |
| 10/15  | 118   | Capital Asset Pricing & APT (Ch 7)  Project 1A Exercise  
                     Efficient Market Hypothesis (Ch8)                       |
| 10/22  | ETC   | Behavioral Finance & Technical Analysis (Ch9)  
                     Macroeconomic & Industry Analysis (Ch12)  
                     Project 1A Due                                               |
| 10/29  | 118   | Exam 2 (Ch 5 - 8)  
                     Equity Valuation (Ch13)  Begin Project 1B             |
| 11/5   | ETC   | Equity Valuation Cont'd  Project 1B Exercise                         |
| 11/12  | ETC   | Equity Valuation Cont'd  
                     Portfolio Performance (Ch18)  Project 1B Exercise     |
| 11/19  | ETC   | Options Markets & Valuation (Ch 15&16)  
                     Project 1B Due                                               |
| 11/26  | ETC   | Futures Markets & Risk Management (Ch17)  
                     Project 2 Exercise                                           |
| 12/3   | 118   | Final Exam                                                            |
| 12/10  |       | Project 2 - due by noon                                               |