

COURSE	FINA 522 Advanced Portfolio Management	
	Times	Saturdays, 2:30 pm – 5:50 pm
	Venue	Room 3006
	Dates	30 October – 18 December
INSTRUCTOR	Prof. Arkadev Chatterjea, <i>Ph.D. (Cornell)</i>	
	E-mail	ac286@cornell.edu
	Office Hrs	Saturdays, 12:30 – 1:30 pm, 6 – 7 pm (Room __)
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	Phone	
COURSE WEBPAGE		

A. DESCRIPTION

In his classic book “A Random Walk Down Wall Street,” Burton Malkiel suggested that there are three theories of investing—the firm foundation theory (which underlies fundamental analysis), the castle-in-the-air theory (which underlies technical analysis), and Modern Portfolio Theory (MPT). This course introduces the first two approaches to investing (MPT has been covered in Fina 521). It also presents bond valuation and discusses strategies for managing a bond portfolio.

B. COURSE MATERIAL

Required

- Frank K. Reilly and Keith C. Brown, *Investment Analysis and Portfolio Management*, 7th Edition, South-Western, 2003. Referred as Reilly-Brown, or RB or “the text.”
- Class Handouts and assignments.

Recommended

- Burton G. Malkiel “A Random Walk Down Wall Street,” 8th edition, W.W. Norton and Company, New York, 2003. A classic text written by an academic-practitioner who distills his vast knowledge and wisdom about the markets and talks about investment strategies.
- Regular reading of business newspapers and magazines such as *The Asian Wall Street Journal*, *BusinessWeek*, *the Economist*, *Financial Times*, *Fortune*, *Forbes*, *Money*, and so on.

C. EXAMS AND GRADING

Problem Sets (best 4 will be chosen, 50 points each)

200 points

Investments Game (STOCK-TRAK Group Project)	300 points
Final	<u>500 points</u>
TOTAL	1,000 points (100%)

- Please bring a calculator to classes and the final exam.
- For the final exam, you may bring two pieces of papers (A4 size or 8 1/2 by 11 inches each) on which you may write/type/print whatever you like. Otherwise, the exam is closed book, closed notes, etc.
- Points will be added up to get total points out of 1,000. The class curve is based on total points for the course. Grading is done on a relative (not absolute) basis. Finance Department's standard grading policy will be followed.
- Form groups (self-selected groups with 4 or 5 members) for the STOCK-TRAK Investments Project. Each group will create, monitor, and report performance of a securities portfolio and make class presentations on the last day of classes and submit a report. Grade allocation—150 points for the presentation, and 150 points for the Final Report.

D. "GETTING TO KNOW YOU" PROGRAM!

At the beginning of each class, please collect the card with your name and put it in front of you. At the end of the class, please return it to me so that I can keep track of your attendance. While there is no seat assignment, occupying the same seat every time gives me a chance to relate your names with faces. To minimize disruption, please come on time (within 15 minutes of class starting). Furthermore, I expect your to participate and contribute to class discussions.

Points will be deducted from your total grade for absences as follows:

- Miss up to 2 lectures, no deductions.
- Miss 3 lectures, 10% (100 points) deduction.
- Miss 4 lectures, 20% (200 points) deduction.
- Miss 5 lectures, 30% (300 points) deduction.

Heavy deductions are very likely to move you into failure range.

E. OUTLINE OF TOPICS (tentative)

Required materials are given below. Recommended materials are separately identified.

<u>Date</u>	<u>Readings and Assignments</u>
30 October	<i>Reilly-Brown</i> Chapter 16 (Technical Analysis), <i>Malkiel (recommended)</i> Chapter 1 (Firm Foundations and Castles in the Air), Chapter 2 (The Madness of Crowds), Chapter 3 (Stock Valuation from the Sixties through the Nineties), Chapter 4 (The Biggest Bubble of All: Surfing on the Internet) Chapter 5 (The Firm-Foundation Theory of Stock Prices), Chapter 6 (Technical and Fundamental Analysis), Chapter 7 Technical Analysis and the Random-Walk Theory) Stock-Trak group formation
6 November	<i>Reilly-Brown</i> Chapter 11 (An Introduction to Security Valuation), Chapter 12 (Macroeconomic and Market Analysis: The Global Asset Allocation Decision), <i>Malkiel (recommended)</i> Chapter 8 (How Good is Fundamental Analysis) Problem Set 1 due
13 November	<i>Reilly-Brown</i> Chapter 13 (Stock Market Analysis), Chapter 14 (Industry Analysis), Problem Set 2 due
20 November	<i>Reilly-Brown</i> Chapter 15 (Company Analysis and Stock Valuation), Chapter 17 (Equity Portfolio Management Strategies), <i>Malkiel (recommended)</i> Chapter 12 (A Fitness Manual for Random Walkers), Chapter 13 (Handicapping the Financial Race: A Primer in Understanding and Projecting Returns from Stocks and Bonds) Problem Set 3 due
27 November	<i>Reilly-Brown</i> Chapter 18 (Bond Fundamentals), Chapter 19 (The Analysis and Valuation of Bonds), Problem Set 4 due
4 December	<i>Reilly-Brown</i> Chapter 20 (Bond Portfolio Management Strategies), <i>Malkiel (recommended)</i> Chapter 13 (Handicapping the Financial Race: A Primer in Understanding and Projecting Returns from Stocks and Bonds), Chapter 14 (A Life-Cycle Guide to Investing), Chapter 15 (Three Giant Steps Down Wall Street) Problem Set 5 due
11 December	Stock-Trak project-Final presentation Review of course material Problem Set 6 due
13 December	Stock-Trak Final Report due in department office by 12 noon

18 December **Final Examination**