

FIN 377-1: Portfolio Analysis and Management (Spring 2018)

Instructor: Dr. Kamm, Department of Finance

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Instructor Office Hours: 5 to 6:15pm Tuesday and Thursday

T.A.s: Pierce Cohen, MBA Student

Section 03055: TTH 3:30 to 5 in CBA 5.330, 90% or better class attendance expected for participation credit

Course Packet of Cases: GSB Copy Center on 3rd floor (you print your own PPTs from canvas as desired)

Other Required Materials: Financial Calculator (HP 10B); WSJ for Portfolio Analysis strongly suggested

Class Web Site: Canvas – Find PPTs, spreadsheets, problem sets for download / printing

Canvas Upload: Excel uploads expected at 80% or better for participation credit; evaluated pass / fail

Financial Center: Bloomberg and Excel work

Group Portfolio Simulation: 3 Funds with Requirements and directions from Professor / www.stocktrak.com

Readings: Portfolio Regulations and Case Analyses

Portfolio Regulations – Set of three Portfolios in PPT notes

Investments Review and Broadening Concepts: Margin, Margin Calls, Leverage, Shorting

Tremblant Capital Group, by Greenwood; 9-210-071

Introduction to Portfolio Theory, by Andre Perold; 185066

Partners Healthcare, by Joshua Coval; 206005

Investments Review and Broadening Concepts: Futures and Options

Walt Disney's Sleeping Beauty Bonds, Duration Analysis, by Carlis Baldwin; 294038

Deutsche Bank: Finding Relative Value Trades, by Chacko et al, 205059

Measuring Mutual Fund Performance, by Charles Williams; 298139 (Industry & Background Note)

Thomson Asset Management, by Fruhan and Banko; 914565

Behavioral Finance at JP Morgan, by Banker and Sesia; 207084

The Hedge Fund Industry, by William Fruhan; 208126

Amaranth Advisors: Burning Six Billion in Thirty Days, by Anuroop Duggal; 908N03

Martingale Asset Management LP in 2008, 130/30 Funds ..., by Viciera and Tung; 209047

Harvard Management Company (2010), by Perold and Stafford; 211004

Illinois Teachers' Retirement System: Private Equity Performance, by Susan Chaplinsky; UV6899

Note on Option Valuation, by George Chacko et. Al; 205106

The Galaxy Dividend Income Growth Fund's Option Investment Strategies, by W. Carl Kester, 9216041

Pine Street Capital (immunize hedge fund by shorting or buying options), by George Chacko, 9201071

Note on Commodity Futures, by A. Nancy Donahue et. Al; 293018

Betting on Gold Using a Futures-Based Gold ETF, by Pedro Matos; UV6654

COURSE OVERVIEW:

The pre-requisite for this course is FIN367, Investment Theory. FIN377-1, Portfolio Analysis and Management, is a course overview of the areas of portfolio management and security analysis. Topics covered include: portfolio theory, risk management, performance evaluation, and behavioral finance and market anomalies. Also we will review the valuation, correlations, and performance of various asset classes—fixed income, stocks, real estate and commodities. The course will look at different types of funds and models of investing—hedge funds, endowment funds and pension funds and the various assets they hold including PE investments. To be able to understand different types of hedge funds and risk management techniques the course will include sections on futures and options. Portfolio Analysis and Management is designed for upper-level finance majors to provide them with advanced skills in financial markets, security analysis and portfolio management.

Students get hands-on practice at selecting securities and managing a portfolio using Stock-trak, an investment simulation product in “real time”. The instructor will provide each group with \$1,000,000 to manage in the regular portfolio, \$500,000 in the long-short fund and \$100,000 in the futures fund. The instructor will guide you toward building a portfolio of investments that will include the following securities: domestic and foreign stock, bonds, real estate and / or commodities. You will also set up portfolios to help you learn about hedge funds and how futures and options trade and are used in asset management. The professor gives portfolio requirements with which your group need comply so that you build a portfolio that accomplishes the intended objective. In groups of about five students, you will undertake current financial research to decide which exchange traded funds and securities you will hold (or short) in your funds. Additional features that students practice include the use of stop and limit orders as well as leverage and short selling.

In this course a combination of methods is utilized with *special emphasis on student involvement*. Some of the methods are: lecture, case review, spreadsheet modeling in Excel, working with trading center financial software (Bloomberg and Fact Set), group meetings and research outside of class, and discussion of current financial events. Class attendance is very important; students who attend regularly tend to do better. The professor utilizes the lecture format to introduce key topics, to demonstrate financial models & techniques, and to guide students in their portfolio projects. Students take an *active* part in this class; you will likely find that the level of learning depends on your effort level both during class and outside of class. Group members are encouraged to assist one another and learn from one another. The emphasis on student involvement encourages students to learn by doing and encourages the self-motivation so important to the workplace. If a student is unable to fulfill his or her commitment to the group, he or she may be asked by the professor to complete assignments alone.

EXPECTATIONS: PROFESSIONAL CLASSROOM & GROUP CONDUCT:

Professional behavior is expected in the classroom and will help us have a rewarding and enjoyable learning experience. Arriving on time, excellent attendance, being attentive and participating are all essential for the success of the class. When class starts, all of us will cease side conversations and focus time allotted on classroom material. Electronic devices are prohibited during class; this includes checking text messages under backpacks or your desk. Computers are used only if required by professor during part or all of a class. Two combinations of the following will count as an absence: using electronic devices, late arrival to class (so check where we are at—the classroom or trading center), leaving or walking around during class, and leaving prior to the end of class. *In order for an absence to be marked as excused, you will need to send me the original email regarding an interview or some sort of an attachment via email.* If the absence meets the university requirements for an excused absence, then it will be recorded as excused. It is up to you to manage your schedule and arrive on time so as to keep excused absences to three or fewer over the term. If you wish to have one unexcused absence for reasons not covered under university policy, then keep excused absences down to two or fewer.

Also, you are expected to attend and arrive on time to group meetings and contribute in a meaningful and productive way to all group work. If a student is not able to meet his or her commitments, the other group

members shall notify the professor as soon as possible. *In accordance with academic integrity, students may not earn credit for work to which they have not contributed at a reasonable level; if someone in your group has not contributed at a meaningful level, leave his or her name off the project or presentation and then email me to call my attention to the issue.* Once I am aware of the issue, the student may be redirected, receive partial or zero credit, and / or be removed from the group. Adherence to the above expectations regarding professional behavior helps ensure a high participation / evaluation grade. Inability to meet these expectations will lead to a lowering of the final participation / evaluation grade.

EVALUATION:

Final grades will be determined as follows:

Portfolio Projects: 1st Paper and Presentation at end of term 20%

The first paper is a group Portfolio Assignment that includes a series of three write ups on each of the three group funds— Diversified Fund, Long / Short Hedge Fund, and Dedicated Futures (& Options Fund). You will spend time in groups researching and setting up these three funds under the direction of the instructor who provides you with the portfolio rules and necessary spreadsheets. Funds will be invested in stock-trak by the due date and form the basis of the 1st paper which is 9 pages or longer. In your group paper for each fund, include a one page write-up, an Excel spreadsheet showing trades inputted, and then a works cited listing research undertaken. Since you are including three pages for three funds, the project paper will be about nine pages. The paper is turned in hard-copy, and will be graded on completeness and correctness, professional nature of the exhibits, and how well it is researched and written. Please see the rest of syllabus for where to turn and late policies. In the group presentation at the end of the term, group members highlight two of the three funds, showing that they are able to apply the various techniques learned in class in a way that is interesting and instructive to the rest of the class. The presentation is evaluated on timely / early arrival and set up, professional nature of PPT, analysis, interest to peers, and communication ability. The 1st paper is 10% and the short presentation at the end of the term is 10%.

First, In-Class Test (Individual Grade) 22.5%

The first test will be given about half way through the term. The test will consist of a multiple choice section counting for about 40% of the grade and a problem solving / analysis / short essay counting for about 60% of the grade. The test will evaluate students' understanding of all material covered to date including: material learned from preparing and discussing the cases; theory, application and interpretation related to portfolio management topics; articles covered in class discussion; and your hands-on experience from working in the trading center. To do well on tests, it is important to attend class, read material prior to class, review class notes, and work through problems and excel spreadsheets. Problems and spreadsheets are posted periodically on canvas. Work through these examples to master your understanding. Then check the solutions that also are posted. Students may prepare and bring a page of *hand-written* formulas / notes, one sided only, to use during the test.

Second, In-Class Test (Individual Grade) 22.5%

The second test is given near the end of the term. The test will consist of a multiple choice section counting for about 40% of the grade and a problem solving / analysis / short essay counting for about 60% of the grade. Test questions will primarily focus on material covered after the first test; it will be cumulative only in so far as the course material is cumulative. The test will evaluate students' understanding of all material covered to date including: material learned from preparing and discussing the cases; theory, application and interpretation related to portfolio management topics; articles covered in class discussion; and your hands-on experience from working in the trading center. To do well on tests, it is important to attend class, read material prior to class, review class notes, and work through problems and excel spreadsheets. Problems and spreadsheets are posted periodically on canvas. Work through these examples to master your understanding. Then check the

solutions that also are posted. Students may prepare and bring a page of *hand-written* formulas / notes, one sided only, to use during the test.

Final Portfolio Project Paper (Group Grade)

20%

This paper takes the place of the cumulative final so you should look at the due date written on the syllabus schedule instead of consulting the final exam catalog. In groups, students set up, at the beginning of the term, a basic portfolio diversified over various asset classes, a long-short hedge fund, and a futures hedge fund. In the basic diversified portfolio, students invest in domestic stocks, foreign stocks, bonds, REITs and commodities. In the long-short hedge fund students use leverage and take both long and short positions; most students prefer net long portfolios though a few do set up market neutral funds. In the dedicated futures (and options) fund, students will be long or short several futures contracts as well as one or more options. Students previously submitted the first paper detailing positions and research. Then near the end of the term, students gave a short presentation on two the three funds. In the final paper, students shall analyze the performance of the funds over the term. Analysis of portfolio statistics and performance shall be demonstrated by way of exhibits. The paper must display evidence of research in the attached works cited pages. References used may be recent articles from the Wall Street Journal, Economist, etc. The paper will entail: approximately 12 pages written, 12 or more exhibit pages, and a page or more of references. See additional documents regarding the paper as well as the university policy on academic honesty. Please have bound using coil binding. The paper is not graded on portfolio ranking; it will be graded on strength of analysis, demonstration of your understanding and ability to apply concepts learned in the course, exhibits, and how well it is written. Please see read the rest of the syllabus for where to turn and late policies.

Professor Evaluation / Participation & Peer Review (Individual Grade)

15%

Class participation is based on the contribution of each student to the class as a whole and to the group efforts. Solid performance in this area depends on: consistent attendance; demonstration that you are prepared for class particularly the cases; effort level toward group papers and presentations; strong reviews by peers in their evaluations; and adherence to class policies (see below for class policies including prohibition of improper use of electronics during class). To be prepared for class, read the case prior to class. Also take an active part in case analyses in class by giving your answer or opinion, solving problems, and suggesting solutions.

If we work on something during class, such as an excel spreadsheet, uploading most or all of them (evaluated on a pass / fail or complete / incomplete basis) helps you with participation. Also submitting required peer reviews helps you with participation while failing to submit your self and peer reviews leads to a 20 point downgrade for each one not submitted.

For most students, participation serves as a slight curve toward the final grade. After all components prior to this one have been scored, the grades are combined to provide an “objective average” or “starting point” grade for participation. Students with strong attendance, excellent professional conduct and committed participation in group work will receive this grade or higher (up to a letter grade) for the participation grade. *Strong attendance is defined as attending ninety percent or more of class periods unless excused by university policy**; *ninety percent or better attendance equates to three or fewer absences. A student with poor attendance (missing more than 20% of class periods—six or more classes), or poor effort in group work, or anyone who is disruptive earns a zero. Thus the grade in this final category may range from zero to a grade of A or 96 or perhaps higher.* The vast majority of students—those with good class performance and solid participation, receive an A or B for the participation curve. This last component, if high, tends to help students on the borderline—for example a grade of 79 prior to participation will likely result in a final grade of an 80.

*Any two combinations of the following will count as an absence: using electronics, late arrival to class (so check where we are at—the classroom or trading center), leaving during class, leaving prior to the end of class. Students who attend 90% or better are entitled to any curve if one is needed in the class; those with lower attendance than 90% do not qualify for any potential curve.

Final Letter Grades

Final letter grades will be determined so that a class G.P.A. of approximately 3.4 is obtained. This G.P.A. is within the recommendations provided by the UPO office and the department of finance curriculum committee. Let me give you a general idea of what such a G.P.A. could imply. If about 40% of the class were assigned grades distributed equally over A- and A and about 60% of the class were assigned grades of B+, B, and B-, then the class average G.P.A. would be almost a 3.4. The instructor for the course does not, though, necessarily adhere to a specific percentage breakdown of A, A-, B+, B, B-, C+ and the like. Since this is an elective course, most terms very few students earn grades in the C range but it does happen. Usually these are cases of poor peer evaluations, poor attendance, and missed work. Thus the example given was for illustrative purposes to help you understand one way a 3.4 average G.P.A. might be achieved. Since class grades will be assigned based on this method and no number cutoffs are given, the professor for the course will attempt to share distribution information, to the extent it is possible, on various items with the class. Soon after grades for the first short paper and first test have been posted, the professor will share with the class what the grade assignments would be if given on that day. This information is for illustrative purposes and so that students may get a general sense of where they stand in terms of evaluation. Note again, the guidelines posted are general and apply only to those who have strong participation and peer review. *If an upward curve is needed on tests or final grades, only those with strong attendance and peer evaluation are eligible to receive the curve.* Grade assignments and cutoffs may change by the end of the term depending on new items submitted.

Deviations from Academic Honesty / Not Pulling Weight in Groups and Negative Effect on Grades

Deviations from Academic Honesty on a test or on a paper will be forwarded to the Dean of Students office with a recommendation of zero on the item in question and the penalty of another full letter downgrade in the student's final average. Since academic dishonesty cases are not tolerated and result in clear downgrades, it is worth reminding students in the syllabus that guessing on a test (or turning a paper in late and taking a downgrade) is a much better option than academic dishonesty.

Students are expected to contribute in an approximately equal fashion to all group assignments. In a group of five, for example, it may not be the case that everyone contributes exactly equally at 20% of the final product on a particular assignment. *If, however, a group member contributes either nothing or does contribute something but it is small relative to peers, then academic integrity would require you to do two things: one, leave that student's name off the work and two, send an email to the instructor notifying her of the situation.* The instructor for the course may or may not decide to remove a student from a group if the group is experiencing challenges. In the case of little or no contribution, the student may receive a zero or she or he may be permitted to do the entire project on his own with a letter downgrade.

Various Class Policies

I. Electronics, Religious Holidays, Accommodations, other Policies

Electronics—I follow the department of finance policy on the use of electronics in class. This policy states that use of any electronic devices or tools (laptops, cell phones, various MP3 players, I-pod touch devices, etc.) during class is prohibited unless specifically requested by the professor of the class. This means that laptops are closed and all other devices are put away prior to the start of class; students shall not initiate nor receive text messages during class nor use Touch devices. If we need use of computers, we will be in the trading center; in the less likely event that we are in the classroom and need use of an electronic device, the instructor will make an announcement. Adherence to this policy facilitates the students' abilities to process class material and helps lead to a solid participation grade; failure to follow the policy disrupts the class and leads to a poor participation grade.

Religious Holidays—The University is fortunate to have diversity in its student body including diversity of thought and practice that includes religious diversity. I do my best to avoid scheduling major projects around religious holidays but due to the great diversity of practices at the University, an unexpected scheduling issue may arise.

In keeping with University policy -- I will excuse you from class on the day that is important for your religion, and if any unexpected conflict arises, we will make alternative plans. The best way to handle this situation from your end is to give me advance notice if you see a conflict. By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observation of a holy day. If you miss a class, an examination, a work assignment, or a project in order to observe a religious holiday, you will be given an opportunity to complete the missed work within a reasonable amount of time after the absence.

Test Times-- I adopt class policies that encourage students to keep up on material such that with attendance and solid time management, students should find themselves adequately prepared to be able to study and take exams. You are required to take exams at the scheduled date unless you have a university excused absence. If you know you will have a university excused absence, contact me ahead of time to see if something can be arranged prior to the test. Submit documentation to verify. No make-up exam is offered after the test. If you miss an exam and have a university excused absence, you will be offered a *cumulative exam at the end of the term*.

Test Review after the Test— Once tests are graded and ready to be reviewed, I will have a three week period when you may review your test during office hours. To be able to review your test, please stop by during that time frame.

Accommodations—I follow the university policy on special accommodations and am happy to work with you on this matter. *The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471-4641 TTY.* At the beginning of the term or prior to the first major project or test, please submit to me a letter prepared by the Service office listed above. Also, it is especially helpful if you email me one week ahead of the scheduled test (or project) reminding me of the nature of the accommodation so that we have plenty of time to make arrangements.

Attendance at your section – You are required to attend your own section. Attendance at the other section is not permitted. One exception to this rule is allowed per term (per student) if the student submits a request prior to the class and the instructor is able to accommodate the request. No guarantees are made on accommodating such a request since most days require attendance at your section.

Documenting a family emergency—The office of the Dean of Students is able to provide student services that can assist you in the event of a family emergency. To get that assistance and to document that situation with me as your faculty member, look at the following web address for how to proceed: deanofstudents.utexas.edu/emergency/.

Late Work and Presentation Arrival– The policy on work submitted late (projects, papers, peer evaluations, etc.): 1 second to 10 minutes late = -8 points; 10 minutes to 20 minutes = -15; professor closes collection box in her office at 20 minute mark; after 20 minutes email professor regarding issue and intended turn in, 20 minute mark to 1 day = -25; each day later than 24 hours = original -25 plus -15 for each day. (If the assignment is based on 10 points, the deduction will be .8, 1.5 etc.) On presentation days, if the presentation is not open prior to the start of class or if any member arrives late, deduction = -10 to -25.

II. Honor Code, McCombs School Statement on Academic Integrity

Honor Code

The core values of the University of Texas at Austin are learning, discovery, freedom, leadership, individual opportunity, and responsibility. Each member of the University is expected to uphold these values through integrity, honesty, trust, fairness, and respect toward peers and community.

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the Policy Statement on Scholastic Dishonesty for the McCombs School of Business: By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. By enrolling in this class, you have agreed to

observe all of the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification. Policy on Scholastic Dishonesty: Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at <http://deanofstudents.utexas.edu/sjs/> or the General Information Catalog to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

The following was taken from the website for the Dean of Students:

A fundamental principle for any educational institution, academic integrity is highly valued and seriously regarded at The University of Texas at Austin. More specifically, you and other students are expected to maintain absolute integrity and a high standard of individual honor in scholastic work undertaken at the University. This is a very basic expectation that is further reinforced by the University's [Honor Code](#). At a minimum, you should complete any assignments, exams, and other scholastic endeavors with the utmost honesty, which requires you to:

- acknowledge the contributions of other sources to your scholastic efforts;
- complete your assignments independently unless expressly authorized to seek or obtain assistance in preparing them;
- follow instructions for assignments and exams, and observe the standards of your academic discipline; and
- avoid engaging in any form of academic dishonesty on behalf of yourself or another student.

For the official policies on academic integrity and scholastic dishonesty, please refer to [Chapter 11](#) of the *Institutional Rules on Student Services and Activities*.

Plagiarism

Plagiarism is (a) ... serious violation of academic integrity. In simplest terms, this occurs if you represent **as your own work** any material that was obtained from another source, regardless how or where you acquired it. Using **verbatim** material (e.g., exact words) without proper attribution (or credit) constitutes the most blatant form of plagiarism. However, other types of material can be plagiarized as well, such as **ideas** drawn from an original source or even its **structure** (e.g., sentence construction or line of argument). By merely changing a few words or rearranging several words or sentences, you are **not** paraphrasing. Making minor revisions to borrowed text amounts to plagiarism.

Undergraduate Writing Center: The undergraduate writing center offers free and expert help to aid the student in becoming a better writer. The center is located on the 2nd floor of the Flawn Academic Center. A consultation can be set up via the phone number 512 471-6222. For further information about assistance provided, see <http://www.uwc.utexas.edu/about>.

III. Campus Safety

From the Dean's office:

Please note the following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, <http://www.utexas.edu/safety/> :

.. Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.

.. Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.

.. Students requiring assistance in evacuation should inform their instructor in writing during the first week of class.

.. In the event of an evacuation, follow the instruction of faculty or class instructors.
 .. Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.
 .. Behavior Concerns Advice Line (BCAL): 512-232-5050
 .. Further information regarding emergency evacuation routes and emergency procedures can be found at: www.utexas.edu/emergency

Schedule

T, Jan 16	Class 1: Introduction to Portfolio Analysis and Management
Learning Objectives	Syllabus & Course overview
Readings	PPT Notes: Diversified Asset Portfolio, Long/Short Hedge Fund
Th, Jan 18	Class 2: Long and Short Positions
Learning Objectives	Developing long vs. short investment theses
Readings	Tremblant Capital Group
T, Jan 23	Class 3: Margin and Leverage, Shorting, Order Types
Learning Objectives	Advance knowledge about margin, calls, leverage, shorting
Readings	Margin, Leverage, Shorting PPTs
Th, Jan 25 FC	Class 4: Stock-Trak Diversified Asset Portfolio
Learning Objectives	Setting up & Evaluating Fixed Income, Equity and other asset portfolios
	Bloomberg: correlation matrix and portfolio tracking
Readings	Stock-Trak <i>Diversified Asset Portfolio</i> PPTs; Excel work
Due	Professor Sets up Groups in Canvas; you must add to a group
T, Jan 30 FC	Class 5: Stock-Trak Long Short Hedge Fund
Learning Objectives	Setting up & Evaluating Long Short Hedge Funds
	Bloomberg: correlation matrix and portfolio tracking
Readings	Stock-Trak <i>Long-Short Hedge Fund</i> PPTs; Excel work
	Registration for first two stock-trak portfolios (designated person only)
Th, Feb 1	Class 6: Risky Assets, the Riskless Asset, & the Optimal Portfolio
Learning Objectives	Risky Assets, Correlation Coefficients, and Efficient Frontier
	Portfolio Standard Deviation vs. Average of Assets in Portfolio
Readings	Introduction to Portfolio Theory - Perold
Due	Invest Diversified Asset Fund in Stock-Trak by this Sun, 5 pm Set up Correlation and Portfolio in Bloomberg by this Sun, 11:59pm Save for 1st paper – this is 1st of 3 series that comprise paper 1
T, Feb 6	Class 7: Traditional and Alternative Asset Classes and the Efficient Frontier
Learning Objectives	Five Risky Asset Classes and Efficient Frontier

	Historical Correlation Coefficients vs. Future Relationships Partners Healthcare – Coval
Readings / to do	
<i>Th, Feb 8 FC</i>	Class 8: Portfolio Theory Applied with Examples and Actual Data
Learning Objectives	correlation coefficients among stocks and asset classes; efficient frontiers
Readings	Portfolio Theory and Partners Healthcare previously read
Due	Invest Long-Short Hedge Fund in Stock-Trak by this Sun, 5pm Set up Correlation and Portfolio in Bloomberg by this Sun, 11:59 pm Save for 1st paper – this is 2nd of 3 series that comprise paper 1
<i>T, Feb 13 FC</i>	Class 9: Stock-Trak Dedicated Futures (and Options) Portfolio
Learning Objectives	Futures and Options Parameters and Payoffs-- Review Set up & Futures (and Options) Hedge Fund in Stock Trak
Readings	Futures and Options PPT Review; Stock-Trak Futures Fund PPTs
<i>Th, Feb 15 FC</i>	Class 10: Fixed Income Management and Disney Bonds
Learning Objectives	Fixed Income Valuation, Interest Rate risk & Duration Duration in Excel; Graphing the Bond Price Interest Rate Curve
Readings	Walt Disney's Sleeping Beauty Bonds
Due	Invest Futures & Options Hedge Fund in Stock-Trak by this Sun, 5pm Bloomberg not yet required (applied later), leverage calculation is Save for 1st paper – this is 3rd of 3 series that comprise paper 1
<i>M, Feb 19</i>	First Group Portfolio Paper – Series of three short papers on funds
Due	First Group Portfolio Paper, 4 pm, Department of Finance
<i>T, Feb 20 FC</i>	Class 11: Yield Curve Trades at Deutsche Bank
Learning Objectives	Deutsche Bank Yield Curve Model vs. Bootstrap Results – Potential Trades
Readings	Deutsche Bank: Finding Relative Value Trades – Chacko et al
<i>Th, Feb 22</i>	Class 12: Mutual Fund Performance and Morningstar Ratings
Learning Objectives	Measuring Mutual Fund Performance, Importance of Benchmark Morningstar Rating System, upside risk, downside risk
Readings	Measuring Mutual Fund Performance – Williams
<i>T, Feb 27 FC</i>	Class 13: Thompson Asset Management
Learning Objectives	Apply Information Ratio; Standard Deviation and Sharpe Ratio Portfolio Beta, Treynor Ratio and Jensen's Alpha; Portfolio Optimization
Readings	Thomson Asset Management—Fruhan and Banko
To Do	Start Problem Set 1

Th, Mar 1	Class 14: Behavioral Finance / Professionally Managed Equity Funds
Learning Objectives	Anomalies, Behavioral Finance, Momentum & Value Strategies
Readings	Behavioral Finance at JP Morgan, by Banker and Sesia
T, Mar 6	Class 15: Test 1 (40% multiple choice; 60% problem solving & analysis)
To Do	Test 1
Bring	Pencil, Financial Calculator, 1-page, 1-side handwritten notes
Th, Mar 8	Class 16: Hedge Fund Strategies, Risk and Return
Learning Objectives	Types of Hedge Funds; Incentive Fees, History of Hedge Funds
Readings	Long-Short Hedge Fund Outperformance / Underperformance / Collapse Hedge Fund Industry & Amaranth Advisors: Burning 6 Billion in 30 D
Mar 12-17	Spring Break
T, Mar 20	Class 17: Short Extension Funds; the 130/30 Strategy
Learning Objectives	Martingale Asset Management, a Quantitative Value Oriented Fund
Readings	130/30 Fund, increased Tracking Error and the Optimal Shorting Ratio Martingale Asset Management in 2008, 130/30 Funds – Viciera and Tung
Th, Mar 22	Class 18: Endowment Models of Investing and Performance Evaluation
Learning Objectives	Harvard Endowment Model: Policy Portfolio and Evolving Asset Mix
Readings	Hybrid Model of Investing, Risk Management, Stress Tests Harvard Management Company (2010)- Perold and Stafford
T, Mar 27 FC	Class 19: Pension Models of Investing and PE Fund Allocations
Learning Objectives	Pension Fund Obligations, PE Allocation and Performance (Illinois TRS)
Readings	Illinois Teachers' Retirement System: Private Equity Performance
Th, Mar 29 FC	Class 20: Option Valuation and Implied Volatility
Learning Objectives	Apply Black-Scholes Option Pricing Model and Implied Volatility
Readings	Note on Option Valuation– Chako
T, April 3 FC	Class 21: Option Strategies in Portfolio Management: Writing Calls
Learning Objectives	Writing Calls to Enhance Income and Support Dividend Payout
Readings	Galaxy Dividend Income Growth Fund's Option Investment Strategy
Th, April 5	Class 22: Portfolio Immunization in Asset Management
Learning Objectives	Shorting vs. Buying Puts to Immunize
Readings	Pine Street Capital
T, April 10 FC	Class 23: Futures Pricing and Curves / Analyze Your Futures Holdings
Learning Objectives	Commodity Futures Pricing Models, Causes of Backwardation

Readings	Futures Curves in Bloomberg; Your Futures Payoffs
Due	Note on Commodity Futures – Donahue et al Submit Group Preferences for Portfolio Presentations
<i>Th, April 12 FC</i>	Class 24: Betting on Commodities Using Futures
Learning Objectives	Physical vs. Futures Based Gold ETF; roll yield and invested cash
Readings	Betting on Gold Using a Futures-Based Gold ETF – Matos
T, April 17	Class 25: Test 2 (40% multiple choice; 60% problem solving & analysis)
To Do	Test 2
Bring	Pencil, Financial Calculator, 1-page, 1-side handwritten notes
<i>Th, April 19 FC</i>	Class 26: Final Presentation and Paper Data Analysis
Learning Objectives	Review Presentation and Final Paper Requirements Learn to export and analyze your own portfolios / use Bloomberg
T, April 24	Class 27: Short Presentations on Stock-Track Portfolios
Due (some groups)	Arrive 10 minutes early if presenting and have presentation downloaded Analysis by Half of Class on Portfolio Performance (data must run at least through market close of this past Friday)
Th, April 26	Class 28: Short Presentations on Stock-Track Portfolios
Due (some groups)	Arrive 10 minutes early if presenting and have presentation downloaded Analysis by Half of Class on Portfolio Performance (data must run at least through market close of this past Friday)
T, May 1	Class 29: Short Presentations on Stock-Track Portfolios
Due (some groups)	Arrive 10 minutes early if presenting and have presentation downloaded Analysis by Half of Class on Portfolio Performance (data must run at least through market close of this past Friday)
<i>Th May3 FC</i>	Class 30: Final Paper Due Date
Due	Final Group Portfolio Paper, 4 pm, Department of Finance
Due	Final Peer Evaluations (Individual) due, 5pm

Texas BBA Community Values



<p>Our Responsibility Lead with integrity, Improve the world</p>	<p>Our Community Respect our differences, Leverage our diversity</p>	<p>Our Growth Challenge old ideas, Inspire innovation</p>	<p>Our Best Dream big, Work hard, Never give up</p>
<p>Leadership Ethics Accountability Social Responsibility</p>	<p>Diversity Inclusion Collaboration Respect</p>	<p>Intellectual Curiosity Innovation Adaptability Exploration</p>	<p>Achievement Self-Reflection Authenticity Perseverance</p>