

Villanova University
Villanova School of Business

Portfolio Management
Finance 2324
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Required Materials:

1. **Managing Investment Portfolios: A Dynamic Process**, 3rd Edition. Maginn, Tuttle, Pinto, and McLeavey
2. *Wall Street Journal*
3. Various readings provided in class or on my homepage.

Office Hours: MW 12:00-1:15 and by appointment.

Course Prerequisites: FIN2323, FIN2227, and Senior standing. It is the student's responsibility to be certain that the prerequisites have been successfully completed. If at any time during the semester it is determined that a student has not completed the prerequisites, the student can be administratively dropped from the course without credit or tuition refund.

Course Description: Advanced investment management with an emphasis on portfolio management, forecasting economic conditions, risk-return characteristics of securities, asset allocation (optimization) techniques, selecting investment goals, evaluating portfolio performance, international diversification, portfolio management with options and futures, and computer applications in investment management. This course is offered for 3 credits and has been classified as a lecture.

Course Objective: This class is designed to introduce you to the fundamentals of portfolio management. In the class, we will discuss investors' risk preferences and then use this information to generate policy statements and determine proper asset allocation and diversification. The class will be introduced to asset pricing theories and various fixed income, equity, and derivative strategies as they are used by portfolio managers. The last section of the class will focus on practical issues of portfolio strategies including the evaluation of portfolio performance and portfolio management in an international market. We will be using the CFA text in class and will also use a variety of past CFA exam questions and applied academic research as tools for discussion of how to apply the different strategies learned throughout the semester.

Academic Integrity Policy: The code of Academic Integrity of Villanova University addresses cheating, fabrication of submitted work, plagiarism, handing in work completed for another course without the instructor's approval, and other forms of dishonesty. For the first offense, a student who violates the Code of Villanova University will receive 0 points for the assignment. The violation will be reported by the instructor to the Dean's Office and recorded in the student's file. In addition, the student will be expected to complete an education program. For the second offense, the student will be dismissed from the University and the reason noted on the student's official transcript.

Disability Policy: It is the policy of Villanova to make reasonable academic accommodations for qualified individuals with disabilities. If you are a person with a disability, please contact me after class or during office hours and make arrangements to register with the Learning Support Office by

contacting 610-519-5636 or nancy.mott@villanova.edu as soon as possible. Registration is needed in order to receive accommodations.

Attendance Policy: Attendance will not be taken in class, however students are strongly encouraged to attend classes as information discussed during lectures will appear on tests. Assignments will also be made in class and are expected to be turned in **on** the date due and will **not** be accepted late. Participation is also incorporated into a student's final average, and attendance is obviously important for this portion of the grade.

Grading Policy: Grades will be based on two exams, a project, and a homework/class participation grade. The grades will be weighted as follows:

Exam 1	30%
Final Exam	30%
Project/Presentation	25%
Homework/Participation	15%

Any problems with test dates need to be discussed with me **prior** to the test date. No makeups will be given for missed exams unless arrangements are made with me prior to the scheduled exam date. Exams will cover both information presented in lectures as well as information from readings that will be assigned in class. The project will be a group project/presentation that will be discussed in class, and a summary of the project will describe the assignment in detail. Homework assignments **will not** be accepted late. The assignments must be turned in during the class period in which they are due by the student. If the student has notified me in advance of some reason why he or she will be absent that class period, the assignment must be in to me prior to the start of class the day the assignment is due. Unless otherwise specified in class, all homework assignments must be typed.

Readings: Specific readings from chapters will be assigned in class and are expected to be read prior to class to best facilitate class discussion. All material covered in class, in addition to all readings assigned to be read outside of class, may be included on exams or quizzes. Several applied academic articles will be used throughout the semester. Students can get access to these assigned articles through Falvey Library and its electronic journal web link. These articles will be included as material for exams.

Wall Street Journal: The *Wall Street Journal* is required for this class. Students are expected to be prepared for class discussion on certain articles and issues addressed in the *Journal*. The world of finance and specifically financial institutions are changing almost daily. Class discussions using the *Journal* will keep students aware of what is currently happening in business and will support and even update some issues that are covered in the textbook. Issues from the *Journal* that are discussed in class may appear on exams and/or quizzes.

Project: Students will complete the project in groups of 3 or 4 that are determined by their own selection. It is necessary for the students to make a decision on groups **by the end of the first week** of the semester, as work on the project will be done throughout the semester. Specific deadlines for portions of the project (including written assignments and intermediate results) will be given in advance throughout the semester and individuals or groups are expected to adhere to these deadlines.

The final grade for the project will be a combination of the final paper and presentation as well as the intermediate written assignments.

Course Outline

Week 1 (8/23, 8/25) - Introduction to class and Chapter 1: The Portfolio Management Process and the Investment Policy Statement and Chapter 2: Managing Individual Investor Portfolios.

Week 2 (8/30, 9/1) – Chapter 2.

Week 3 (9/6, 9/8) – Chapter 2.

Week 4 (9/13, 9/15) – Chapter 4: Capital Market Expectations (pp. 128-146, 174-187, 200-202) and Chapter 5: Asset Allocation.

Week 5 (9/20, 9/22) – Chapter 5 and Finance Lab (project).

Week 6 (9/27, 9/29) – Chapter 5.

Week 7 (10/4, 10/6) – **Exam on October 4.** Finance Lab on 10/6.

Fall Break Week of October 11.

Week 8 (10/18, 10/20) – Chapter 6: Fixed Income Portfolio Management.

Week 9 (10/25, 10/27) – Chapter 6.

Week 10 (11/1, 11/3) – Chapter 7: Equity Portfolio Management.

Week 11 (11/8, 11/10) – Chapter 12: Evaluating Portfolio Performance.

Week 12 (11/15, 11/17) – Chapter 12 and Finance Lab (project).

Week 13 (11/22, 11/24) – Finance Lab. **Thanksgiving Break on 11/24.**

Week 14 (11/29, 12/1) – Derivatives and Portfolio Management and Finance Lab.

Week 15 (12/6, 12/8) – Derivatives.

Final Exam on Tuesday December 14, 2010 from 10:45- 1:15.

The dates above are tentative and may be changed at the instructor's discretion. The dates for the exams will not change. Students will be notified of any changes in material covered prior to the tests.