

Advanced security analysis and portfolio management assignment



**ASSIGN
BUSTER**

After the course is completed, students are expected to master fundamental principles adequately and be able to apply them to financial investments.

More precisely, students will get familiar with financial market irregularities, advanced financial instruments for sophisticated applications of investment strategies and portfolio management, even in an international perspective.

Course materials: Class handouts and the textbooks: Required Text: Bodie, Kane and Marcus, 2011, "Investments", 9th edition, McGraw-Hill, ISBN 3:

978-0-07-353070-3. Recommended Readings: 1. Campbell, John Y. and

Tuomo Vuolteenaho, 2004, Bad beta, good beta, American Economic Review

94. 1249-1275. 2. Fama, Eugene F., and Kenneth R. French, 1996,

Multifactor explanations of asset pricing anomalies, Journal of Finance 51,

55-84. 3. Fama, Eugene F. and Kenneth R. French, 2008, Dissecting

anomalies. Journal of Finance 63, 1653-1678. 4. Jegadeesh, Narasimhan, and

Sheridan Titman, 1993, Returns to buying winners and selling losers:

Implications for stock market efficiency, Journal of Finance 48. 65-91. Grade

weights: Trading Simulation: Industry Analysis Presentation: Homework

Assignments: Midterm: Final: Date 12/03/2014) (Date TBA) The simulation 2.

Minimum numbers of trades are 3 trades per week. It is graded based upon

the number of trades, effort, and performances. 3. You need to submit your

trading history and brief summary (two sentences for each stock you trade)

to Fred Chan. One is due on 12/03/2014, and another is due on 04/23/2014.

4. Each team can have less than eight students. 5. Fill out the following

template for each of your trade. Price ROA ROE Paste MACD and stochastic

figure here (from I need to see 50 and 200 day exponential Yahoo Finance)

moving average, MACD, slow stochastics, etc, see 1-year chart.

Other Comments (Important) Fill this out 6. I also need your summary trading history printed out from the Investopedia. Industry Presentation 1 . You need to analyze an industry and study the leading TWO firms in your industry in detail. Describe what they do, calculate their fair prices (using FCF models we cover in the class) 2. Discuss their financial ratios 3. Discuss the general macro economy and the trends in your industry, and most importantly, the firms' competitiveness. 4. Discuss technical perspective of the stock using 1 year chart and 5 year chart. 5.

Each presentation is about 20 minutes and we will use the last one or two classes for this presentation. 6. You need to prepare powerpoint slides for your presentations. Please Email me your slides and turn in a hardcopy on the day you present. Grading of project is based on the depth of your study and the clarity of your presentation. 7. Each team can have less than 8 students. Grading Scale will be as follows: 90%-91 80%-81 2 Below = F
Tentative Course Outline Topic 1: Financial Statement Analysis and Equity Evaluation Models (BMK, Chapter 19 and 18) Case: Statements on YGE, Fair Price calculation for INTC

Topic 2: Understanding PE ratio. (Notes) Technical Analysis Topic 3: Macro and Industry Analysis (BMK, Chapter 17, Fama and French 1989) Topic 4: A Review of Portfolio Theory, Security Analysis and Efficient Market Hypothesis and Anomalies (BKM Ch. 6-9 & part of Ch. 10, Ch. 11) Mean-variance Analysis CAPM and Multifactor Models Efficient Market Hypothesis and Anomalies Cases on DOW 30 components and mutual funds. Topic 5: Behavioral Finance (BKM Ch. 12) Information Processing Errors, Overconfidence

Behavioral Biases, Framing, Mental Accounting, Prospect Theory Limits to Arbitrage and the Law of One Price