



Minzu University of China
FIN 370 Portfolio Management
Summer 2020

Basic Information

Class hours: Monday through Thursday, 2 hours each day

Discussion: Friday, 1 hour (60 minutes)

Review Section: Saturday, 1 hour (60 minutes)

Office Hour: 2 hours (According to professors' teaching plan)

Field trip: According to professors' teaching plan

Credit: 4

Total contact hours: 60 (50 minutes each)

Prerequisites: Calculus I, Financial Management (or Introduction to Finance)

Professor: Qi Hao

Course Description

This course is designed to focus on the investment decision making from the perspective of the portfolio manager. We will prepare students with technical skills that are essential in making optimal investment decisions, as well as a broad scope of vision that is vital in constructing a robust portfolio in this globalized modern world. We will particularly emphasize the solid understanding of key concepts of various return measures, tradeoff between risk and return, etc. The latest development in behavioral science and its impact on investment and market will also be introduced in the course. Upon successfully finishing this course, students are expected to have either obtained a solid foundation for more in-depth exploration in the field for graduate studies or been prepared for further pursuing a professional career in investment. Due to the time limitation of the course, we will only briefly touch on fixed income investment, and completely skip financial derivatives and their role in portfolio (risk) management.

Learning Objectives

By the end of this course, the students will be able to

- Explain the mechanism of various securities markets/exchanges
- Valuate various common investment vehicles
- Explain the differences between different market indexes
- Optimize their portfolio of risky assets
- Apply the portfolio theories and investment skills in a global environment

Textbook

Recommended textbook:

Frank K. Reilly and Keith C. Brown, Investment Analysis and Portfolio Management, 11th Edition, South-Western Cengage Learning, 2018, ISBN-13: 978-1305262997.

Other Resources

- Substantial lecture notes will be provided electronically. E-book version and earlier editions of the textbook may be used (9th or later).
- Wall Street Journal
- Yahoo Finance



- Google Finance

Course Schedule

Main Topics:

- (A) The Investment Setting
- (B) The Asset Allocation Decision
- (C) Selecting Investment in a Global Market
- (D) Organization and Functioning of Securities Markets
- (E) Security Market Indexes
- (F) Efficient Capital Markets (Midterm Exam)
- (G) An Introduction to Portfolio Management
- (H) An Introduction to Asset Pricing Models
- (I) Multifactor Models of Risk and Return (APT)
- (J) Analysis of Financial Statements
- (K) An Introduction to Security Valuation
- (L) Macroanalysis and Microvaluation of the Stock Market
- (M) Special Topics: Industry Analysis, Company Analysis and Stock Valuation, Technical Analysis, Equity Portfolio Management Strategies, Bonds and Bond Investment Strategies

Week	Class	Topic	Contents
1	1	A	Investment setting, measures of return and risk and their relationship, determination of required rates of return
	2	A, B	Finish A; asset allocation, life cycle
	3	B	Finishing B: portfolio management process, policy statement, asset allocation, retirement plan, asset allocation
	4	C	Global investments, investment choices, historical risk-return on alternative investments
2	1	C, D	Finish C; securities markets, primary, secondary, classification of U.S. secondary equity markets
	2	D, E	Finish D; stock and bond market indexes
	3	E	Composite stock-bond indexes, comparison over time
	4	E	Dividends and share repurchases: the MM irrelevancy theorem, signaling theory, and the tax clientele effect
3	1	F	Efficient capital markets, implications
	2	F	Finish F: behavioral finance
	3	F, review	Finish F; review previous chapters; answer questions and help students prepare for the midterm exam
	4	Midterm	Take the midterm exam in class, covering topics A – F
4	1	Explain exam, G	Go over the midterm exam; start Topic G: introduction to portfolio management, Markowitz theory
	2	G, H	Finish G; asset pricing models, CAPM



	3	H, I	Finish H; multifactor models, arbitrage pricing model
	4, 5	I, J	Analysis of financial statements, financial ratios
5	1	J, K	Finish J; security valuation, alternative investments, relative valuation techniques, estimating require return for foreign securities
	2	K, review, L	Finish K; review previous chapters for the final exam; start Topic L if time permits
	3	L, M	Wrap up Topic L; talk about some special topics. The selection of special topical subjects will depend on time and students' interests
	4	Final exam	Take the final exam in class (covering Topics A – L, or M)
<p>Note: Students can seek extra help during the instructor's office hours, and interaction sessions offered on Fridays.</p>			

Grading

Attendance	10%
Homework and Quizzes	20%
Midterm and Final Exams	70%
Total	100%

Grading scale: The bottom line of receiving a grade is

97-100 A+	87-89 B+	77-79 C+	67-69 D+	Below 60 F
94-96 A	84-86 B	74-76 C	64-66 D	
90-93 A-	80-83 B-	70-73 C-	60-63 D-	

Attendance & Classroom Contribution

Please bring devices at your choice to take notes if you cannot print out my distributed lecture notes. The use of smart phones is prohibited in class. Students should attend every class. Although attendance is not mandatory, missing 3 or more classes will make your learning extremely difficult. Quizzes are not announced in advance and no make-up will be offered if you miss a quiz or exam. Not taking an exam will result in an F as the final course grade.

Homework

There will be assigned homework problems for most of the chapters. I will randomly collect some of your homework and there will be no extension of the deadlines.

Exams

We will have two major exams – the midterm exam and final exam. The final exam will be covering all the material covered in class with roughly 70% dedicated to the topics post the midterm exam.

Academic Integrity

Academic integrity is unconditionally upheld in this course. Homework assignments, quizzes and exams are to be completed independently. However, active discussion and team spirit are encouraged in appropriate context, for example, before and after you complete an assignment, in preparation of the quizzes and exams, reviewing a topic or studying it in advance, etc. Cheating and plagiarism in any fashion are absolutely unacceptable. Upon verification, violators will lose points commensurate with the violation up to failing the course.