Classes and Contact

Classes
Mondays, 7:20 pm - 10:00 pm
Enterprise Hall 173

Office
Van Metre Hall 432 (Arlington Campus)

Telephone Number
(703) 993-5496

e-mail
trequeij@gmu.edu

Office Hours
By appointment, but typically before or after class

Course Objective and Contents

The purpose of this course is to provide each student with real world and hands-on experience in security analysis and portfolio construction through the management of the GMU Student Managed Investment Fund (SMIF). Class participants will collectively be in charge of the investment decisions of the fund, the overall portfolio composition, and will employ various financial models used to assess sector, industry and individual security strength/weakness in their decision-making. Each student will be required to perform the necessary quantitative and qualitative work, Bloomberg analysis, and present their research to all other fund members/faculty each semester. Security selection will be based on a diversified equity portfolio approach seeking to enhance risk-adjusted returns versus commonly used market benchmarks. Faculty and professional mentors will train students in the application of fundamental analysis and security selection through several lecture/workshop sessions. Increased interaction with the DC area investment community through this class will provide enhanced learning opportunities and exposure to recent industry practices.
Learning Goals

Upon successful completion of this course students will be able to (1) evaluate and explain the risk and return of various investment opportunities within an industry/sector, (2) conduct research necessary to construct and manage a portfolio, (3) present the accompanying analysis to a group of investors and produce a prospectus to investment clientele.

Prerequisites

Students are expected to be familiar with basic economics, statistics, financial statement analysis, and Bloomberg operations. Thus, you are required to have successfully completed FNAN 301/303, ECON 103, ACCT 201/203, and preferably FNAN 311/FNAN 341. No exceptions to the School of Business rules of admittance. If you do not know whether you meet the requirement, you should notify the instructor and also consult Student Services.

Course Textbook and Resources

Required textbooks:


The following are suggested textbooks that will be useful not only for the SMIF course but also for a career in investments:


Tentative Schedule

Week 1 (August 26, 2019):
Course introduction.
- Objectives & Investment Guidelines
- Benchmarks
- Introduction to Portfolio Management
- Team assignments

Week 2 (September 9, 2019):
Valuing Investments
- S&J, Chapter 1: How to Value an Asset
- S&J, Chapter 2: How to Value a Business

Week 3 (September 16, 2019):
Valuing Investments
- S&J, Chapter 3: How to Evaluate Competitive Advantage and Value Growth

Week 4 (September 23, 2019):
Valuing Investments
- S&J, Chapter 4: How to Think about a Security’s Intrinsic Value

Week 5 (September 30, 2019):
Efficient Market Theory
- S&J, Chapter 5: How to Think about Market Efficiency
- S&J, Chapter 6: How to Think about the Wisdom of the Crowds

Week 6 (October 7, 2019):
Behavioral Finance and Investments
- S&J, Chapter 7: How to Think about Behavioral Finance

Week 7 (October 15, 2019):
Portfolio Management and Exposures
- Gross and Net Exposures
- Portfolio Beta Management

Week 8 (October 21, 2019):
Equity Research
- S&J, Chapter 8: How to Add Value through Research

Week 9 (October 28, 2019):
Incorporating Risk
- S&J, Chapter 9: How to Assess Risk

Stock Selection
- S&J, Chapter 10: How to Select a Security
Week 10 (November 14, 2019):
Pitching an Investment
- S&J, Chapter 11: How to Organize the Content of the Message
- S&J, Chapter 12: How to Deliver the Message

Week 11 (November 11, 2019):
Risk and Performance Measures
- Standard risk and performance measures
- Expected shortfall
Attribution
- Performance Attribution
Attribution
- Risk Contribution

Week 12 (November 18, 2019):
Team Presentations (Day 1)
Sector voting and stock picks

Week 13 (November 25, 2019):
Team Presentations (Day 2)
Sector voting and stock picks

Week 14 (December 2, 2019):
Team Presentations (Day 3)
Voting and final stock picks

Evaluation and Grades
Course grades will be based on exams, class participation, homework assignments, and case write-ups. The final grade will be an average of the following items, weighted as noted:

<table>
<thead>
<tr>
<th>Evaluation Component</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Report, Valuation Model &amp; Presentation</td>
<td>40%</td>
</tr>
<tr>
<td>Macro Fundamental Analysis and Presentation</td>
<td>20%</td>
</tr>
<tr>
<td>Past Performance Presentation</td>
<td>20%</td>
</tr>
<tr>
<td>Classroom Participation</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

| Extra Credit: Fund Analysis                  |        |
| Performance Attribution                      | 3%     |
| Risk Analysis                                | 3%     |
| Total                                        | 6%     |
Project assignments will be connected to the specific Sector/Industry each student and group will be assigned. Projects and reports will be graded on a relative basis, with the “best” case report receiving the highest mark and the poorest report the lowest mark.

Grade cut-offs will be determined according to the following table

<table>
<thead>
<tr>
<th>Grade</th>
<th>Score (rounded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A+</td>
<td>97-100</td>
</tr>
<tr>
<td>A</td>
<td>94-97</td>
</tr>
<tr>
<td>A-</td>
<td>90-93</td>
</tr>
<tr>
<td>B+</td>
<td>87-89</td>
</tr>
<tr>
<td>B</td>
<td>83-86</td>
</tr>
<tr>
<td>B-</td>
<td>80-82</td>
</tr>
<tr>
<td>C+</td>
<td>77-79</td>
</tr>
<tr>
<td>C</td>
<td>73-76</td>
</tr>
<tr>
<td>C-</td>
<td>70-72</td>
</tr>
</tbody>
</table>

The grade cut-offs may be lowered based on the overall score distribution of the class.

**Important dates**

| Project 1: Portfolio Performance Analysis | September 23, 2019 |
| Project 2: Macroeconomic Environment     | October 21, 2019   |
| Project 3: Stock Selection and Sector Investment Report | November 18, 2019 |
| Extra Credit 1: Performance Attribution  | December 2, 2019   |
| Extra Credit 2: Risk Analysis            | December 2, 2019   |
| Final Presentations:                     | November 25, 2019  |
|                                           | December 2, 2019   |

Stock recommendations will take place during the final presentation – please make sure you can attend the presentations. Voting will take place after during the presentations.

**Late Assignments**

*No late assignments will be accepted.* Please submit all your written assignments to Blackboard ahead of the deadline. If you are having issues submitting your work, please email me at trequeij@gmu.edu before the deadline.
Accommodations for Disabilities

If you have a documented learning disability or other condition that may affect academic performance you should:

1. Make sure this documentation is on file with Office for Disability Services (SUB I, Rm. 2500; 703-993-2474; [http://ods.gmu.edu](http://ods.gmu.edu)) to determine the accommodations you need;

2. Talk with me to discuss your accommodation needs.

Please keep in mind that all academic accommodations must be arranged through the ODS.

School of Business Standards of Behavior

The mission of the School of Business at George Mason University is to create and deliver high quality educational programs and research. Students, faculty, staff, and alumni who participate in these educational programs contribute to the well-being of society. High quality educational programs require an environment of trust and mutual respect, free expression and inquiry, and a commitment to truth, excellence, and lifelong learning. Students, program participants, faculty, staff, and alumni accept these principles when they join the community. In doing so, they agree to abide by the following standards of behavior:

- **Respect** for the rights, differences, and dignity of others
- **Honesty** and integrity in dealing with all members of the community
- **Accountability** for personal behavior

Integrity is an essential ingredient of a successful learning community. Ethical standards of behavior help promote a safe and productive community environment, and ensure every member the opportunity to pursue excellence. The Mason School of Business can and should be a living model of these behavioral standards. To this end, community members have a personal responsibility to integrate these standards into every aspect of their experience at the School of Business. Through our personal commitment to these Community Standards of Behavior, we can create an environment in which all can achieve their full potential.

Honor code

The honor code applies to all work required for this class. More information about the GMU honor code is given on the GMU web site at various locations, including [http://academicintegrity.gmu.edu/](http://academicintegrity.gmu.edu/). The School of Business adopted the following recommendations for Honor Code Violations:
<table>
<thead>
<tr>
<th>Type of Violation</th>
<th>First Offense</th>
<th>Second Offense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plagiarism</td>
<td>An F in the class; referral to Writing Center; Academic Integrity Seminar completion</td>
<td>An F in the class; referral to the Writing Center; Academic Integrity Seminar completion; termination from the School of Business; and at least one semester suspension or expulsion</td>
</tr>
<tr>
<td></td>
<td><strong>1.</strong> Failure to cite/attribute sources</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>2.</strong> Representing someone else’s work as the student’s own (e.g., copying and pasting)</td>
<td></td>
</tr>
<tr>
<td>Cheating</td>
<td>An F in the class; and Academic Integrity Seminar completion</td>
<td>An F in the class, Academic Integrity Seminar completion; termination from the School of Business; and at least one semester suspension or expulsion</td>
</tr>
<tr>
<td></td>
<td><strong>1.</strong> On a minor assignment (e.g., homework, quizzes)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>2.</strong> Cheating on a major assignment or exam, submitting course work from another course as original work</td>
<td></td>
</tr>
<tr>
<td>Lying</td>
<td>An F in the class; and Academic Integrity Seminar completion, and at least one semester suspension</td>
<td>An F in the class; Academic Integrity Seminar completion; termination from the School of Business; and at least one semester suspension or expulsion</td>
</tr>
<tr>
<td>(e.g., providing fraudulent excuse documents, falsifying data)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Egregious Violation (e.g., stealing an exam; submitting coursework from another class as original work across multiple courses; lying to an employer about academic performance, false identification or posing as another, in person or online)</td>
<td>An F in the class, Academic Integrity Seminar completion; termination from the School of Business; and at least one year suspension</td>
<td>An F in the class; Academic Integrity Seminar completion; termination from the School of Business; and expulsion</td>
</tr>
</tbody>
</table>

### Other Items

**e-mail**

I will regularly send electronic messages to the entire class via Blackboard. Thus, be sure you check the Blackboard site frequently or arrange for mail sent to your GMU e-mail account to be forwarded to whatever e-mail account you normally use. You are fully responsible for taking the steps listed above, for checking your e-mail regularly, and for any information communicated to the class via e-mail.
Counseling Center

George Mason University has a counseling center that can provide assistance if you find yourself overwhelmed by life, want training in academic or life skills, or the like. More information is available at [http://www.gmu.edu/departments/csdcc/](http://www.gmu.edu/departments/csdcc/).

Notice of Mandatory Reporting of Sexual Assault, Interpersonal Violence and Stalking

As a faculty member, I am designated as a “Responsible Employee,” and must report all disclosures of sexual assault, interpersonal violence, and stalking to Mason’s Title IX Coordinator per University Policy 1412. You may seek assistance from Mason’s Title IX Coordinator, Jennifer Hammat, by calling 703-993-8730 or email [cde@gmu.edu](mailto:cde@gmu.edu). If you wish to speak with someone confidentially, please contact one of Mason’s confidential resources, such as Student Support and Advocacy Center (SSAC) at 703-993-3686 or Counseling and Psychology Services (CAPS) at 703-993-2380. The 24-hour Sexual and Intimate Partner Violence Crisis Line for Mason is 703-380-1434.

Writing

George Mason University has a writing center that can help you improve your English writing skills. More information is available at [http://writingcenter.gmu.edu/](http://writingcenter.gmu.edu/)

Inclement Weather & Campus Emergencies

Information regarding weather related changes in the University’s schedule (e.g., closing or late opening) will be provided on the GMU website and via MasonAlert.

Useful Books and Other References


