



UNIVERSITY of ST. THOMAS

**Opus College of Business**

**Opus College of Business Mission**

Consistent with the Catholic intellectual tradition of the University of St. Thomas, the College of Business educates students and working professionals to become effective, ethical business leaders and to be constructive contributors to society.

[www.stthomas.edu/business/students/policies/](http://www.stthomas.edu/business/students/policies/)

**MBFC717: Investment Fund Management  
2009-2010 Aristotle Fund Class**

Class meetings: Tuesday 6.00 to 9.00 pm, and often later.  
Additional meetings held subject to speaker availability

Classroom: Minneapolis campus, SCH322

Instructor: Dr. Mary Daugherty, CFA, Ph.D.

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Office: Room 350 McNeely Hall St. Paul campus

Office Hours: 4:00-6:00 Tuesday in trading room or by appointment

Pre-requisites: MBFC600 and MBFC713

**Bio**

Dr. Daugherty CFA, Ph.D., is a full-time faculty member in the Department of Finance. Her research focuses on investment management practices and asset allocation. She manages a financial consulting business, which emphasizes education regarding investment matters.

Dr. Daugherty earned her CFA designation in 1986 and has been involved professionally in the Investment Community for over 25 years. She began her career as a technical writer for the Federal Reserve Bank. Subsequently, she joined First Bank (now US Bank) as an equity research analyst. Dr. Daugherty has held a variety of leadership positions in the Association for Investment Management and Research and the CFA Society of Minnesota, serves on various boards, and is a frequent speaker on a variety of financial topics.

**Required Text**

1. Graham & Dodd, "Security Analysis", McGraw-Hill Book Company. Any edition is fine.
2. Aswath Damodaran, "Investment Valuation: Tools and Techniques for Determining the Value of Any Asset". Second edition

**Suggested Text**

3. Burton G. Malkiel, "A Random Walk Down Wall Street", W.W. Norton & Co
4. Roger Lowenstein, "Buffet".
5. Peter Lynch, "One Up on Wall Street".
6. Tanous, "The Investment Gurus".
7. Other readings as suggested by individual mentor

**Course Objectives**

This course focuses on practical, hands-on investment management. Students will be able to apply the theories that they have learned in the prerequisites course, MBFC713 – Investments. The main objective is to prepare students for a career as equity analysts and portfolio managers. The course will provide students with actual practical experiences in the process of portfolio management, from the overall development of an Investment Policy Statement to in depth analysis of financial statements to individual stock valuation.

This class is responsible for managing a portion of the University of St. Thomas endowment, subject to the University restrictions for the endowment. The class will inherit a portfolio with funds donated specifically for this course. The class will evaluate the current policies and guidelines making adjustments as necessary to reflect the new class focus. The class will buy and sell assets in the portfolio to fulfill the objectives for the client (UST Board of Trustees). The group's portfolio performance will be tracked by the class and presented quarterly and at year-end. The class will host an annual meeting for the UST community, mentors, former students and any other interested parties. This annual meeting will summarize the events of the year including portfolio performance and investment highlights.

## **Course Methodology**

The teaching method will blend guest speakers with hands-on group projects and individual research. The instructor assumes that all students enrolled in this course have successfully passed MBFC713. Thus, class meetings will focus on the practical aspects of certain topics that are directly relevant to portfolio investment. Several guest lecturers and attendance by investment professionals serving as mentors will help enhance the class understanding of the actual industry practice.

This course will try to simulate the job requirements of stock analysts and portfolio managers as much as possible. Thus, students are expected to do a substantial amount of analysis and presentation, working both as a team and on an individual basis. The instructor will provide guidelines, assistance, leads, and consultation in the process.

## **Attendance Policy**

This class meets every week for nine months. Obviously, not every student will be able to attend every week. You are expected to attend most class meetings and participate in class discussions/issues that arise during non-class times. If you cannot make class, please inform the CIO for the scheduled meeting as far in advance as possible. Also, let the instructor and other student managers know if you will have an extended absence. You must have another student manager cover your stock(s) in your absence. The students in the class are managing real money and 'news' impacts the portfolio continuously, therefore buy/sell actions are possible at any time. It is the student's responsibility to stay up-to-date on the portfolio and participate in these decisions.

One of the most challenging aspects of this course is the fact that the students are managing money on a full-time basis yet only meet as a group once a week. This means the student managers need to be in touch via email, blackboard and telephone quite frequently between class times. Everyone must be committed to staying in touch via these three mediums.

To request accommodations due to a disability, please contact the Enhancement Program – Disability Services (651-962-6315) located in O'Shaughnessy Educational Center, room 119 on the St. Paul campus. If you already have a form from this office indicating that you have a disability that requires accommodations, please present it to me as soon as possible so that I can facilitate this process.

Student Manager (SM) Group Assignments:

4 Groups:

1. Market Group
2. Communications Group
3. Performance Evaluation Group
4. Transactions and Class Log Group

MARKET GROUP (MG):

**SUMMER WORK:** This group will research options for economic data and prepare an initial economic overview and resource paper.

Academic Year Responsibilities:

1. Be prepared to address the class position on the economy *at any time*. Work closely with the economically sensitive industry analysts to provide up-to-date information.
2. Provide a written report on a bimonthly basis (due the last week of October, December, February and April). This report should include a brief synopsis of the recent economic events and a 'position' on future events, i.e. what the Fed will do at their next meeting and why. This report should be a position paper, as well as a review of what happened over the past two months.
3. Prepare a brief summary of the class view of the economy and market outlook for the coming quarter/year for the winter newsletter.
4. Prepare materials as requested by the communications group for any scheduled presentations and the Annual Report.

(Note: The updates must reflect the student manager's consensus view. This can be completed by requesting input from the SM's about various economic events via email or in class. What will not be acceptable is an individual SM violating the class consensus).

#### COMMUNICATIONS GROUP (CG):

**SUMMER WORK:** This group will lead the discussion and propose to the class the investment policy for this year's class. They will amend the policies and objectives as directed by the class.

#### Academic Year Responsibilities:

1. This group is responsible for arranging speakers, handling all correspondence relating to speakers (invitations, confirmations, reserved parking, thank you notes, etc.), and reserving space and equipment if necessary.
2. Write up summaries of all guest speakers for the winter newsletter.
3. Oversee the production of the winter newsletter. (This newsletter is to be distributed the first week of February)
  - a. Obtain and edit all articles for the newsletter from the other groups, i.e. the economic/market update, the synopsis of stock holding from the individual student manager, the write-up on any guest speakers, the performance reports, the summary of the class activities.
  - b. Arrange for the distribution of the newsletter in a timely fashion. This newsletter should be posted on the website and a hard copy distributed to interested parties.
4. Oversee the production of the presentation materials for the Investment Committee of the Board of Trustees.
  - a. Work with SM to determine content and order. This includes assigning specific responsibilities and deadlines for completion.
  - b. Arrange for the printing and binding. Have the presentation materials completed the week before the scheduled meeting. Coordinate the actual presentation – who says what, when!
5. Oversee production of the annual report to be distributed in mid May.
  - a. Work with SM to determine content and order. This includes assigning specific groups sections of the annual report and deadlines to get the information to you.
  - b. Obtain and edit all sections of the annual report from the SM's.
  - c. Arrange for the printing and distribution of the annual report. This should be discussed with UST support staff by early March.

#### PERFORMANCE EVALUATION GROUP (PEG):

**SUMMER WORK:** This group must develop an understanding of the performance data reporting both for the class and for the Treasurer's office. This group must work with the summer student managers to keep track of all portfolio changes. The weekly

performance sheet should be distributed to all class members prior to the first official class meeting on Tuesday, September 2<sup>nd</sup>.

Academic Year Responsibilities:

1. Monitor performance on a daily basis and arrange for copies for each class meeting.
2. Conduct all trades and notify class of specific transaction details.
3. Upon request prepare performance reports and distribution to the Communications group. The reports are needed at a minimum for the winter newsletter, the presentation for the Board, and the final report.
4. Maintain a weekly performance report in the Class Log (coordinate this with the weekly summary of the Class Log group).
5. Act as the control over the individual stock holdings. If price movement violates any of the investment criteria, notify the SM immediately.

CLASS LOG GROUP (CLG):

**SUMMER WORK:** This group must clean out the resource room and lounge and obtain needed supplies. This group must work with the PEG group to make sure all the record keeping is compliant and readily accessible if needed for review.

Academic Year Responsibilities:

1. Cleanliness and organization of the resource room and lounge.
2. Proxy statement management and compliance record keeping.
3. Filing of all trading and monthly statements.
4. Coordinate hard copy and disk copy of all written material generated by SM's (stock reports, industry reports, economics updates, etc.).
5. Order food/maintain budget.
6. Maintain a class log: record of all visitors (date, name, topic), record of class activities for the day, record of all motions to buy and sell stocks, record of vote count on all votes taken, record of class absentees for each session. Prepare minutes from each class meeting and file in a timely manner (within a week) in the class folder in the trading room.

## INDIVIDUAL ANALYST

**SUMMER WORK:** Each analyst is responsible for getting up to speed on the stock they have inherited. Contact the previous year's analyst to obtain the most recent report and model. The model must be updated by Sept. 1<sup>st</sup> to reflect the new student analyst's target price.

### Academic Year Responsibilities:

1. Make at least two stock presentations in addition to your inherited stock. This includes a detailed written report that must be distributed at least three business days prior to the presentation. Every other SM should read the report prior to class, prepare questions/comments and be prepared for discussion.
2. Prepare a press release when there is any action taken on a stock you follow. Distribute within 48 hours.
3. Act as Chief Investment Officer every 13<sup>th</sup> week. As CIO you set and distribute the agenda, conduct the class business, lead discussions, keep the SM's on track and handle all voting issues. This must be an evening you are not presenting. You should sit next to the instructor the evening you are CIO.
4. Participate actively in your group assignment. The group assignments will rotate on a quarterly basis.
5. Provide feedback on each class member's written report and presentation. The feedback on the written report should be turned into the student on the night of their presentation.