

**FIN4115 Applied Portfolio Management: Security Analysis and Valuation**  
**SEM 1, 2014 – Course Syllabus (Version 1)**

**Instructor:** Joseph Cherian

**Email:** [bizjc@nus.edu.sg](mailto:bizjc@nus.edu.sg)

**Section:** Tuesday 3pm – 6pm, CAMRI Lab, 3<sup>rd</sup> Floor, BIZ 1 (MRB)

**TA:** Mr XU Weibiao <[weibiaoxu@nus.edu.sg](mailto:weibiaoxu@nus.edu.sg)>

**Room:** 7-58, BIZ 1

**Tel:** 6516-5991(O)

**Course Description:** This advanced Seminar in Finance module will serve as a comprehensive real world examination of the quantitative, fundamental, behavioral, and model-based approaches utilized for performing security valuation & portfolio management in the financial industry. Major topics covered include Discounted Cash Flow Valuation, Relative Valuation, Multifactor Models, Liquidity, and Value Enhancement Strategies. Lectures will involve frequent interaction with practitioners from the industry, hands-on lab projects, and real-life examples. Students are also expected to research, write, and publish equity investment reports (preferably on companies with limited research analyst coverage) and/or portfolio investment strategies. These individual equity reports and a presentation in the form of a team-based stock pitch will subsequently be presented by the students to a panel of senior members from the Singapore investment management industry so as to showcase & ascertain students' equity research and stock-picking skills. There is also an opportunity to put your skills to the test and manage real money (i.e., a live CAMRI Student Managed Fund) during the course of the semester. Students will be divided into sector teams and their fundamental analysis & recommendations (appropriately formatted) will be incorporated into the Barra-SMF portfolio optimization process. This course is suitable for students interested in a career as a financial analyst (both on the buy-side and sell-side), or as a portfolio manager. All students are encouraged to also take the following courses in SEMS 1 or 2, which is part of the [Student Managed Fund Track](#) at CAMRI and taught by former senior fund managers, chief investment officers and/or captains of the investments industry. They are all now adjunct professors at CAMRI:

1. **Applied Portfolio Management** taught by Professor Richard Yeh
2. **Value Investing in Asia** taught by Professor Robert Lewis
3. (New 2MC Course) **Equity Research Seminar 1** taught by Professor James Cheng – this is part one of a two-part (2MCs each) Equity Research Seminar Series offered in SEMS 1 and 2 to BBA (Hons) students by Prof James Cheng. It will include live company visits with senior management in the region, and result in the students writing professional equity research analysis and reports as on "Wall Street".

Students in FIN4115 are also encouraged to secure a free individual paper account on TRAKINVEST, which is a social equity trading platform: <https://www.trakinvest.com/>

**Learning outcomes (partial list):**

In-depth knowledge of distinct security valuation approaches & portfolio management techniques:

- Methodologies & models used in theory and in practice

- How liquidity affects valuation
- Ability to value various assets and cash flows related to the firm
- Hands-on computational finance, portfolio & risk management, and trading & execution abilities

**CAMRI Lab:** Located at Level 3 of BIZ 1 (MRB), the CAMRI Investment Management & Trading Lab enhances students' portfolio research & management experience and activity. The Lab has 31 student workstations + 1 Instructor workstation, Bloomberg live feeds, live financial data tickers, investment and risk management software modules, and various other trading and portfolio management software applications. The aim is to enable NUS Business School students to have first-hand experience and training with the best tools available to the professional investment community, and as a result, best prepare them for the investments, financial, and wealth management job markets. Financial Software & Datasets available in the CAMRI Lab include: **Bloomberg** and **Barra** installed on all the 32 PCs. (**Bold** indicates students should have acquired knowledge of these software by semester's end.) For the weblinks and training materials on the aforementioned software, please visit: <http://bschool.nus.edu.sg/ResearchPublications/ResearchCenters/CAMRI/InvMgmtTradingLab.aspx>

**Reference Text:** Investment Valuation (Revised and Updated), by Aswath Damodaran (AD), 3<sup>rd</sup> University Ed., Wiley Finance, 2012. This text serves as the primary reference guide. The course will have overheads & articles distributed via IVLE.

**Topics Covered:**

1. Introduction to Portfolio Management
2. Risk and Financing
3. Earnings
4. Growth & Closure
5. Valuation
6. Asset Allocation & Investment Policy Statements
7. Student Managed Fund Presentations
8. Lab/Modeling; Guest Lecturers
9. Financial Ratios & Outliers
10. Fundamental Equity Research – The Basics, Report Writing & Presentation
11. Portfolio Management Sector Report Writing, Risk Management & Presentation
12. Lab/Modeling; Guest Lecturers
13. FINAL SMF PROJECT PRESENTATIONS\*\*\*

\*\*\* Final Student Managed Fund (SMF) Presentations could fall on a Saturday.

**SMF Website:** <http://bschool.nus.edu/CAMRI/StudentManagedFund.aspx>

**NUS e-Learning Week is from September 20 – 28, 2014**

**GUEST SPEAKERS:**

We will have numerous guest speakers from the portfolio management, trading, asset allocation, external manager selection, back office operations and private equity industry sharing with us what their average day is like.

**Grading:**

<u>Quantity</u>	<u>Type</u>	<u>Points</u>
1	Midterm Quiz (Oct 21 <sup>st</sup> – in class)	40
1	Fundamental Equity Research Report 1 – due Oct 7	15
1	Fundamental Equity Research Report 2 - due Oct 28	15
1	Portfolio Management Sector Report & Presentation (Team based) – due Nov 11	10
1	Class Participation	20
	TOTAL	100

Also visit past Student Equity & Trading Reports available at the CAMRI website:

<http://bschool.nus.edu.sg/ResearchPublications/ResearchCentres/CAMRI/StudentEquityReports.aspx>

**Potential HBS Cases:**

1. Dimensional Fund Advisors, 2002 – Case No: 9-203-026
2. Smith Breeden Associates: The Equity Plus Fund (A) – Case No: 9-297-089