

**FINA 7397-06 (28973) and FINA 7397-07 (28976)**  
**Investment and Portfolio Management Project**  
**6 Credit Hours**  
**Thursday, 6-9 pm, Spring 2020**  
**Melcher Hall 365A**  
**Pre-requisite: FINA 7A10 (Valuation)**

**Instructor: Rob Shoss, MBA/JD**  
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### **Course Content**

This course is designed to help students learn key concepts to invest in equities. It is purposely structured to be practical with lessons that should be applicable for decades. This course will offer you the opportunity to simulate working as a buy-side financial analyst with an investment company. Along those lines, this course is rife with opportunities to discuss current, relevant investment topics such as whether retail stocks are value opportunities or traps and how to manage money with today's ongoing geopolitical issues. Expectations are that students will be highly interested in learning about equities and are willing to work hard to accomplish that goal. The course will provide you an opportunity to select stocks, construct an equity portfolio and manage a diversified "virtual investment fund". Specifically, topics to be addressed include the following: what drives stock prices, determining what investment style fits you, learning about quantitative tools and ways to objectively screen stock universes, valuing stocks, understanding behavioral finance and risk management, learning about previous stock market manias and panics, exploring macro vs. micro investing, evaluating capital allocation, identifying and judging competitive moats, evaluating management competency, learning about selling stocks and portfolio diversification, distinguishing between value and value traps, exploring international, small-cap and mid-cap stocks and evaluating different sectors such as consumer staples, consumer cyclicals, technology, health care and heavy cyclicals.

A unique aspect of this 6-hour course will be its experiential component. Students will simultaneously with learning the integral factors of being a buy-side equity analyst, benefit from creating, trading and managing a "virtual" portfolio. Thus, students will be taking theory from the class and expressing and applying it via Stock Trak, a website offering global portfolio simulation.

**What are the teaching methods for the Virtual Investment Fund course?**

This course includes considerable classroom discussion, debate and dialogue. Additionally, there will be power-point presentations. Students will have the opportunity to explore real world situations, evaluate and debate current investment topics and stock controversies. Guest lectures are also widely used to provide real-life expertise on important equity topics.

### **Who is the instructor?**

Robert Shoss has over 20 years of investment experience as a portfolio manager for both AIM/Invesco, Twinhawk Capital, a global long-short hedge fund and as a private investor. Currently, he's a private investor. Robert has a JD/MBA from UH and has taught Personal Financial Planning since 2014 and serves on a few non-profit investment committees.

### **Books to be used:**

*The Most Important Thing Illuminated* by Howard Marks (MIT)

*Why Stocks Go Up (and Down)* by William Pike (WSGU)

### **Supplemental reading, resources and websites:**

Stocktrak.com for building, trading and managing your “virtual investment fund”

*The Little Book of Valuation* by Aswath Damodaran

*Manias, Panics and Crashes* by Charles P. Kindleberger and Robert Z. Aliber

Bloomberg Market Concepts/Equities

Capital IQ

Bloomberg Terminals

www.morningstar.com, www.marketwatch.com, www.gurufocus.com, *The Wall Street Journal*, *Barron's*, handouts, articles and videos

### **Grades:**

25% of grade: Participation, based on deliberate, thoughtful participation. It's quality, not quantity. Participation involves attending, actively engaging in discussions, debates and providing value-added input.

15% of grade: Individual assignment(s) throughout the session.

60% of grade: End of year stock and portfolio project and presentation.

<b>Class</b>	<b>Materials Covered</b>	<b>Topics</b>
<b>Week 1</b>	Handouts <i>MIT</i> -Chapter 1, 2 <i>WSGU</i>	Discussion of my background and goals and expectations for

		class; exploration of state of sell-side and buy-side industry including active and passive management, ETFs and secular changes; articulation of required characteristics to successfully select stocks; discussion of what drives stock prices
<b>Week 2</b>	Handouts <i>MIT</i> -Chapter 3	Discussion of different investment styles including growth, core and value; help students understand differences and better determine what kind of investor they are
<b>Week 3</b>	Handouts, Damodaran's book(s) <i>MIT</i> -Chapter 4	Focus on valuation, including both relative and absolute valuation; guest lecturer
<b>Week 4</b>	Handouts	Focus on quantitative screening, objectively filtering a stock universe; discussion of benefits and detriments of quant investing; brief technical analysis discussion; guest lecturer
<b>Week 5</b>	Video, Handouts <i>MIT</i> -chapters 10, 18	What is behavioral finance and why is it important; key to success is avoiding mistakes

<b>Week 6</b>	Handouts	Making capital allocation decisions, evaluating and understanding importance of management, recognizing and measuring competitive moats
<b>Week 7</b>	Handouts <i>MIT-Chapters 5, 6, 7</i>	Understanding what risk is and how to manage it; guest lecturer
<b>Week 8</b>	Handouts	Focus on diversification, trading, selling stocks and a variety of other important portfolio management topics
<b>Week 9</b>	Handouts	Student stock presentations to have stocks purchased or sold from buy-side portfolios; students will debate both bull and bear cases
<b>Week 10</b>	Handouts	Discussion of different market capitalizations and international investing; understanding unique aspects and pros and cons of them; guest lecturer
<b>Week 11</b>	Handouts <i>MIT-chapters 8, 9</i>	Examining macro vs. micro investing, what factors specifically to consider and why it's

important; pros and cons of each method; distinguishing between value vs. value traps

**Week 12**

Handouts

Review of history, manias, crashes and lessons to be applied; what are common characteristics to identify future bubbles and great opportunities

**Week 13**

Handouts

Review of specific growth sectors including technology, health care and consumer discretionary; guest lecturer

**Week 14**

Handouts

Review of specific value sectors such as financials, cyclicals and some commodity areas; guest lecturer

**Week 15**

Student presentations; final project-industry analysis including thorough discussion of most important issues affecting industry and stocks, favorite and least favorite stocks from industry; question and answer session to prove industry expertise