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BFIN 410.01: \$50,000 Portfolio

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The \$50,000 Portfolio – Finance 410

PROGRAM OBJECTIVE

The purpose of the D.A. Davidson Student Investment Fund is to provide business students at the university/college with an opportunity to apply modern finance theory to investment decisions involving actual market transactions.

ACCOMPLISHING THE OBJECTIVE

The Investment Fund will be used by appropriate finance and business classes and/or investment clubs. The management of the D.A. Davidson Investment Fund will be an integral part of the courses and clubs. By integrating the Davidson Funds into security analysis and portfolio management, students will be able to evaluate the usefulness of the investment concepts they study. In addition, students will have a greater incentive for their studies, knowing that they will soon apply the theories to practical fund management in the advanced courses. It is very likely that more students will be attracted to take finance courses in which they can manage actual investment funds. The coordinating Financial Consultant from D.A. Davidson should be viewed as a resource for the class/club.

STRUCTURE OF THE PROPOSED D.A. DAVIDSON PROGRAM

The focus of their study will be on investments, and real world application of security valuation and selection models will be made through the Davidson Fund.

- a. Eligible assets will be restricted to (a) common stocks, (b) corporate and government bonds, and (c) preferred stocks. Securities other than common and preferred stocks (such as limited partnership units and closed-end funds) listed on the New York, American and Pacific Stock Exchanges will also be eligible. Option contracts and futures will not be allowed
- b. Students will select securities by applying the theoretical frameworks given in the course. Their successes and failures will show the value of the theories, and (perhaps even more important) will give greater meaning to the concept of risk. These will be lasting lessons, giving solidity to the lectures and readings.
- c. Students in classes will form a fund management group, with managerial assignments to specific industry sectors. They should prepare individual or group reports recommending security trades, based on analysis of factors in the economy, industry and company. The class will discuss each report and make group decision on trades, with the instructor having final authority.

Attendance:

The class environment is built on active class participation and therefore attendance is mandatory.

Readings:

Business Week magazine
How to invest in common stocks, Value Line Publishing, Inc.
The 10 most important indicators to watch and why, AIMR
Coffee Comments, a daily email from D. A. Davidson & Co.
Other selected articles
Selected research papers and annual reports

Total: 600-700 pages

Homework:

The student is expected to complete daily and weekly assigned readings and written assignments. Furthermore, a thorough insight in the daily developments of the US stock and bond indices, oil, CPI, PPI and other vital statistics.

Class contribution:

Student contribution will be evaluated in terms of the value added to class discussions. Both quality and quantity will be evaluated. This requires not only completing assigned readings, but also attending class with prepared questions and interpretations of what the assigned reading has tried to convey. The most valuable contribution that students can make comes through integrating assigned readings with material learned from other courses and personal and business experiences.

Collected Assignments:

Students are committed to making two presentations to the class as well as written papers submitted to the instructor on assigned subject matter.

Grading:

Final grades will be based on scores received for the two major written case assignments, presentations and class contribution as judged by the instructor.