

FIN65: Applied Investment Management I
FIN75: Applied Investment Management II

Fall 2023
TRS 1075, Monday 6:30-8:00pm

INSTRUCTOR INFORMATION

- Instructor Name: Stu Morrow, CFA
- Email: stuart.morrow@torontomu.ca

PREREQUISITES

None (departmental consent required)

METHOD OF POSTING GRADES

All grades will be posted at my.torontomu.ca. However, as there may be other considerations in the determination of final course grades, students will receive their official letter grades in the course only from the Registrar's Office. See Senate Policy 166 for more details.

EMAIL USAGE & LIMITS

Students are required to activate and maintain a TMU email account. This shall be the official means by which students will receive university communications. See Senate Policy 157 for more details. Students must use their TMU email account for course-related communication and include in the subject line of the email message the following: **FIN 65/75: [subject]**. The instructor will try to respond to student email messages within two business days of receipt. Students should keep this timeframe in mind, as it may not be possible for the instructor to respond to messages asking for information or clarification that are sent less than two days prior to an assignment's due date.

COURSE DESCRIPTION

FIN 65 and FIN 75 provide real-life learning in equity research, analysis, selection, and management through hands-on experience with a real-money portfolio. Further, this course introduces students to the real-life management and reporting issues associated with fund management. Students manage funds in the TRSM's Student Managed Investment Fund (the "Fund"). The investment objective is to generate a reasonable long-term return on the Fund's assets given suitable investment risks. The Fund will invest in a broadly diversified portfolio of mid-to-large capitalization stocks that provide capital gains or income. More details on the nature and practices of the Fund are available in the document titled "Statement of Investment Policies and

Procedures of the Student Managed Investment Fund" (SIPP), available on the course shell. Further, any terms used in this course outline which are not clearly defined in the course outline will be further defined in the SIPP.

LEARNING OUTCOMES

Upon completion of the courses, students will be able to:

- Know the principles and procedures needed for the establishment and operation of an investment fund in Canada.
- Understand the need for equity, diversity, and inclusion in the Investments Funds industry, the challenges that currently exist in the industry, and some of the "solutions" currently being used.
- Develop the research skills necessary and master the research tools needed for the job (for example, the Bloomberg database and S&P Capital IQ database).
- Set investment objectives and define investment policy factors such as return, risk, investment horizon, and benchmark to determine various asset classes to which funds will be allocated.
- Analyze economic, political, and other environmental factors that affect investment decisions.
- Collect information related to the investment characteristics and merits of individual securities.
- Select securities for investment.
- Measure and monitor investment performance.
- Adjust the portfolio in response to economic and capital market changes.
- Attend reporting sessions with other stakeholders and, if needed, regulatory agencies.

COURSE MATERIALS

Recommended textbook:

1. Trading and Money Management in a Student-Managed Portfolio, Bruce, Brian; Greene, Jason, Academic Press, 2014, ISBN 10: 0123747554 ISBN 13: 9780123747556
2. Investment Valuation, Third Edition, Aswath Damodaran, John Wiley & Sons, Inc., 2012

Primary Research data sources: (access from TMU Library)

- **Bloomberg Terminals:** historical and real-time data on every market, breaking news, in-depth research, and powerful analytics. It can ONLY be accessed via Bloomberg lab in the TRSM building.
- **S&P Capital IQ:** a web-based platform that combines deep information on companies, markets and people worldwide. Over 62,000 public companies and 4.4 million private companies are profiled. Further, users can analyze the company performance of industry-leading financials with over 5,000 individual data items, including industry-specific metrics on 17 industries. Tap into deep fundamental data covering equities, fixed income, capital

structure, credit ratings, transactions, private equity firm profiles, ownership, business relationships and more. Analyst reports are also available.

- **Canadian Financial Markets Research Centre (CFMRC):** summary information database (or CFMRC TSX database for short) includes daily and monthly Toronto Stock Exchange trading information about specific securities as well as information on "price adjustments" such as dividends, stock splits, recapitalizations, etc. The database also includes daily and monthly indexes containing information on daily and monthly index levels as well as selected other financial markets information.
- **WRDS Wharton Research Data Services:** Wharton Research Data Services (WRDS) is an award-winning research platform and business intelligence tool. CRSP and Compustat datasets are available on this platform, as well as numerous other datasets covering accounting, banking, economics, ESG, finance, healthcare, insurance, marketing, and statistics.
- **Factiva:** a Dow Jones & Reuters Company, provides global content with multiple language interfaces and multilingual content covering nearly 8,000 sources. Factiva provides access to global and local newspapers, magazines, industry-specific journals and newsletters, newswires, media programs, and websites. Company Research Tools Perform company screening on a collection of nearly 24,000 global companies using 26 criteria. Current quotes and market data are available. Instrument types supported include global stocks, market indices, mutual funds and corporate bonds.
- **Mergent Investext:** Analyst reports for companies and industries from more than 600 investment banks, brokerage houses and consulting firms worldwide.
- **ABI/INFORM Collection:** The database features thousands of full-text journals, dissertations, working papers, key business and economics periodicals such as the Economist, country-and industry-focused reports, and downloadable data.
- **Business Premium Collection:** Comprising Accounting & Tax, Asian Business & Reference, Banking Information Source, Entrepreneurship, and the International Bibliography of the Social Sciences. Featuring thousands of full-text journals, dissertations, conference proceedings, and working papers, as well as trade publications, industry reports, and key periodicals such as the Wall Street Journal, Financial Times, and Economist. Strong US and international coverage in business and the social sciences.
- **EconLit (Ebsco):** the American Economic Association's electronic database, is the world's foremost source of references to economic literature. EconLit is a reliable source of citations and abstracts to economic research dating back to 1886. It provides links to full-text articles in all fields of economics, including capital markets, country studies, econometrics, economic forecasting, environmental economics, government regulations, labour economics, monetary theory, urban economics, and much more. These sources bring the total records available in the database to more than 1.2 million.

Supplementary research data sources (access from TMU Library)

- Canadian Business & Current Affairs Database (CBCA), Globe and Mail, Knotia, Mergent, Mergent Online, Lexis Nexis, Asian Development Bank (ADB), Balance of Payments Statistics (Datasets), EIU (Economist Intelligence Unit), Intellect (Mergent), Mergent BondViewer, O'Reilly for Higher Education, Oxford Journals, Statistics Canada, Statistics Canada Web Data Server
- Other internet data sources: various company websites, Federal Reserve Economic Data (fred.stlouisfed.org/), International Monetary Fund (www.imf.org), U.S. Securities and Exchange Commission EDGAR (www.sec.gov/edgar/searchedgar/companysearch.html), World Bank (data.worldbank.org/)

EVALUATION

	FIN65	FIN75
Group Components		
Investment Presentation	15%	10%
Valuation Report	15%	10%
End of term Report		10%
Individual Components		
Surveillance Report & Presentation	10%	10%
Company Updates (2~4)	10%	10%
Investment Critiques (x4)	10%	
Sector Report		15%
Monthly Compliance Checklists (x3)		5%
Bloomberg Certificate	20%	10%
Participation	15%	15%
Peer Evaluation	5%	5%
Total	100%	100%

All assignments must be submitted electronically to **Turnitin via D2L**. Students who do not want their work submitted to this plagiarism detection service must, by the end of the second week of class, consult with the instructor to make alternate arrangements. Late submissions will be **penalized by 10%** of the assigned marks per day. Students in the same group will receive the same grade on the group component.

Investment Presentation

Within the assigned sector group, analysts will work with the Portfolio Manager (PM) to present a sector review and recommend two stocks for consideration (buy or sell) to the Student Senate. A presentation schedule is provided in the week-by-week schedule below. The presentation slide deck is due before the scheduled presentation, i.e. **6:30 pm on the presentation day**.

Valuation Report

Each investment presentation (above) will be accompanied by a written report indicating a sector analysis, holding reviews, and buy/sell recommendations. The due date is the **Friday before the scheduled presentation**, i.e., 11:59 pm on Friday. Templates and samples are provided on D2L.

Surveillance Report and Presentation

The portfolio currently has 30+ securities purchased for the Fund by former analysts and PMs. Each student will review the investment thesis and performance of one equity position and comment on the appropriateness of the position. Students will review the documentation provided by the previous managers and make a recommendation to the Student Senate regarding whether to add, hold, or divest the position. Students must use the template provided on D2L for this assignment. A surveillance report and presentation schedule can be found in the **Course Plan and Deadline File**.

Company Updates

Once a stock is purchased in the Fund, it's important that the Student Senate receive regular updates related to company events (earnings, M&A, management changes, etc.) and competitor and industry-related news. The student will use the template provided on D2L to provide the Student Senate with an update on the event(s), how it may impact the investment thesis, the valuation and any subsequent changes to the stock's price target or recommendation to either buy/hold/sell.

While some events hit the market unexpectedly, others, such as quarterly earnings releases, are pre-scheduled. Each sector group will submit, on **Monday, September 18 (Week 2)**, a list of events anticipated for each stock in their portfolio from September to December 2023. The list must show the company name, the nature of the anticipated event, and the forecasted event date. The instructor will assign updates to students and post the company update schedule before Week 3. A template will be provided on D2L.

The instructor will select two to three analysts and exempt them from this component. These selected analysts will be assigned to complete Market Outlook and Portfolio Analysis for the end-of-term report. In this case, the corresponding course grade will be reallocated to the end-of-term report.

Investment Critiques

Informed debates will be the best way to ensure the student Senate makes informed decisions. In order to foster meaningful discussions after each presentation, each analyst will be asked to submit one-page reviews of the companies being presented, along with meaningful questions for the presenters. Each analyst is required to complete four investment critiques throughout the term. A critique schedule can be found in the **Course Plan and Deadline File**.

Sector Report and End-of-Term Report

Portfolio managers will be responsible for compiling the sector reports, which are the primary components of the final end-of-term report. The sample end-of-term report posted on D2L can be used as a template. Sector reports are due in the second last week, i.e. **Monday December 4/23**. The final end-of-term report is a group component for all portfolio managers and a few selected analysts mentioned above. This group will receive the same grade on this component. The end-of-term report is due in the last week, i.e., **Monday December 11/23**.

Monthly Compliance Checklist

Portfolio managers are required to complete three (Sept, Oct, Nov) monthly compliance checklists to ensure the equity holdings comply with the SIPP for each sector and for the Fund as a whole. The compliance checklist template will be provided on D2L.

Bloomberg Certificate

Bloomberg terminals provide access to real-time data and analysis, which is indispensable for equity research and portfolio management. To help students get familiar with the Bloomberg terminals and other essential skills and knowledge about the capital market, this course requires two Bloomberg components. Students must create an account with their TMU credentials on the Bloomberg for Education portal: <https://portal.bloombergforeducation.com/>. The access codes for Part 1 and Part 2 are **TW8MJRCD65** and **ZC8MBSP365**, respectively. The due date for Part 1 is **September 29, 2023**. The due date for Part 2 is **November 23, 2023**.

Participation

Active classroom participation is important for this experiential learning course. A decent participation mark will be given to the students who attend all class meetings on time, engage in meaningful conversations with guest speakers, ask thought-provoking questions during group discussions, and go above and beyond the minimum requirements.

Peer Evaluation

This component will give students the opportunity to anonymously evaluate their group members' (including themselves) contribution to group work during the entire semester. The peer evaluations are due on **Monday December 4, 2023**.

TEACHING METHODS

This course is highly experiential, and participation is encouraged and expected. The success of the Fund depends on the engagement of all members of the student senate. Students enrolled in FIN65 will take on the role of an Analyst. They will assist Portfolio Managers, those enrolled in FIN75, in producing reports on portfolio holdings and providing research reports throughout the term. Each student is assigned to a sector group according to the sector membership in the **Course Plan and Deadline File**.

Given the nature of the course, adjustments to the course outline will be necessary to allow for guest speakers or decisions that require the immediate attention of the SMIF. Students will be advised, and alterations will be discussed prior to implementation. Students will be informed of any alterations by email and/or announcements on D2L.

TOPICS – SEQUENCE & SCHEDULE (subject to change)

Class	Date	Topics	Confirmed Guest Speaker
1	September 11, 2023	Introduction (roles, responsibilities, reports, deadlines, SIPP, tools and resources); Bloomberg Lab	
2	September 18, 2023	Review of DCF Valuation and Relative Valuation	Prof Yi Feng
3	September 25, 2023	Surveillance Report Presentations	
4	October 2, 2023	Surveillance Report Presentations	Colleen Redmond (Morgan Stanley)
	October 9, 2023	READING WEEK - NO CLASS	
5	October 16, 2023	Surveillance Report Presentations	Mike Woolatt (Hamilton Lane)
6	October 23, 2023	Surveillance Report Presentations	
7	October 30, 2023	Investment Presentation / Valuation Report (Financials)	Helen Hayes (BlackRock Canada)
8	November 6, 2023	Investment Presentation / Valuation Report (Energy & Industrials)	
9	November 13, 2023	Investment Presentation / Valuation Report (Info Tech)	Rob Cavallo (RBC GAM)
10	November 20, 2023	Investment Presentation / Valuation Report (Consumer S & Health Care)	Sarah Riopelle (RBC GAM)
11	November 27, 2023	Investment Presentation / Valuation Report (Consumer D & Comm Serv)	Rob Silgado (Altrinsic Global Advisors)
12	December 4, 2023	Investment Presentation / Valuation Report (Utes, RE, Materials) + Class Picture Day	Laura Adams (Morgan Stanley)

Figure 1 - Sequence and schedule

More information about the guest speakers can be found in the **Course Plan and Deadline File**.

UNIVERSITY POLICIES

Students are required to adhere to all relevant university policies which can be found on [the Senate website](#).

Academic consideration

- There will be no penalty for work missed for a justifiable reason. Students need to inform their instructor of any situation that arises during the semester as soon as they become aware of the situation that may have an adverse effect on their academic performance, and request any necessary considerations according to the policy.
- Submission of the Academic Consideration request and the supporting documentation does not relieve the student of the responsibility to notify her/his instructor of the problem as soon as it arises, and to make contact with the instructor again after the documents have been submitted in order to make the appropriate arrangements.
- Please note that the Provost/Vice President Academic and Deans have made changes to Academic Consideration Requests for COVID-19: *Starting May 1, 2023, the university will no longer offer the use of a special COVID-19 category in the online Academic Consideration Request (ACR) system.*
- For Extenuating Circumstances, Policy 167: Academic Consideration allows for a once per semester ACR request without supporting documentation if the absence is less than 3 days in duration and is not for a final exam/final assessment. Absences more than 3 days in duration and those that involve a final exam/final assessment, require documentation. Students must notify their instructor once a request for academic consideration is submitted. See Senate [Policy 167: Academic Consideration](#).

Academic Grading Policy

Evaluation of student performance will follow established academic grading policy outlined in the TMU [Policy 170: Grading, Evaluation and Academic Standing](#). The grading scale is summarized below:

Definition	Letter Grade	Grade Point	Conversion Range
Excellent	A+	4.33	90-100
	A	4.00	85-89
	A-	3.67	80-84
Good	B+	3.33	77-79

	B	3.00	73-76
	B-	2.67	70-72
Satisfactory	C+	2.33	67-69
	C	2.00	63-66
	C-	1.67	60-62
Marginal	D+	1.33	57-59
	D	1.00	53-56
	D-	0.67	50-52
Unsatisfactory	F	0.00	0-49

Academic Integrity

Students are required to adhere to all relevant University policies, such as the Student Code of Academic Conduct. University regulations concerning unacceptable academic conduct (cheating, plagiarism, impersonation, etc.) will be followed. See [Policy 60: Academic Integrity](#) for detailed information.

- It is assumed that all examinations and work submitted for evaluation and course credit will be the product of **individual effort**, except in the case of team projects arranged for and approved by the course instructor. Submitting the same work to more than one course, without instructors' approval, is also considered plagiarism.
- Students who have committed academic misconduct will, at a minimum receive a "0" on the work, and an instructor may assign an "F" in the course. Students will have the notation **Disciplinary Notice (DN)** placed on their academic record and official transcript. The notation shall remain until the students graduate, or for eight (8) years, whichever comes first. If you receive this in the first half of your program, you may undergo a petition process to have it removed in your last year.
- Students who commit academic misconduct a second time shall be placed on **Disciplinary Suspension (DS)** for up to two years, at which time they may apply for reinstatement to a program. The designation DS shall be placed on their permanent academic record and official transcript. The notation shall remain until students graduate, or for eight (8) years, whichever comes first.

IMPORTANT RESOURCES AVAILABLE AT TMU

1. [The Library](#) provides research workshops and individual assistance. If the University is open, there is a Research Help desk on the second floor of the library, or go to [Workshops](#).
2. [Student Learning Support](#) offers group-based and individual help with writing, math, study skills, and transition support, as well as [resources and checklists to support students as online learners](#).
3. You can submit an [Academic Consideration Request](#) when an extenuating circumstance has occurred that has significantly impacted your ability to fulfill an academic requirement. You may always visit the [Senate website](#) and select the blue radial button on the top right hand side entitled: Academic Consideration Request (ACR) to submit this request.
4. [TMU COVID-19 Information and Updates for Students](#) summarizes the variety of resources available to students during the pandemic.
5. Information on Copyright for [students](#).