California Polytechnic State University  
Orfalea College of Business  
Business 461 and Bus-462  
Student Managed Portfolio Project (SMPP), Fall 2008

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COURSE DESCRIPTION: Thank you for your interest in the Student Managed Portfolio Project (SMPP). This student-managed investment fund consists of roughly $0.5 million dollar and is among the largest student-managed portfolios in CSU. The fund’s objective is to outperform the S&P 500 by 1% per year. The SMPP team conducts the ongoing operations of the fund and provides a unique opportunity for students to gain practical experience in investment analysis and portfolio management. The SMPP offers students the opportunity to invest real money, which tends to focus the mind more than simulated investments can ever do. The old adage “sage on the stage and the guide on the side” captures the difference between the traditional finance courses and the SMPP. This course embodies the essence of Cal Poly's commitment to “Learn by Doing”.

PLEASE NOTE: This course Requires a Year Long Commitment! The only prerequisite for the course is Senior Standing. I would give priority to those who have taken the finance required courses and have a passion for the financial markets and investing!

The Challenge Ahead: The aim of this course is to prepare students for careers in money management industry, including mutual funds, pension funds, and hedge funs. This academic year, students will be engaged in the following activities:

1. Update and maintain the SMPP fund
2. Evaluate fund prospectus and investment strategy
3. Evaluate past performance
4. Transition the portfolio when necessary
5. Create a web page for the SMPP
6. Create annual and quarterly reports for SMPP
7. Create materials that would enable us to get better jobs for SMPP students
8. Aggressively pursue other sources to increase the investment capital
9. Enter national competitions to enhance the visibility of our graduates
10. Others related tasks
Course Materials:

Text books: Several books related to management of investment funds will be made available to the class. Students will be required to create a mock portfolio and keep track of its performance.

Financial Press: Reading the Wall Street Journal, Bloomberg news, and other financial press on daily basis will be mandatory!

Course Mechanics:

Students will be assigned to teams with three to four members. The Research Team's task will be to issue recommendations for the securities that comprise the SMPP or should be added to the portfolio, by consulting analysts' reports and the company financial statements. The Trade Execution Team will be given the responsibility to determine the best time to execute the trades the class has agreed upon. The Public Relations Team will be given the responsibility for drafting quarterly and annual reports, working with the client to amend the prospectus, and creating the materials for the course web page. Finally, the Information Technology Team will have the responsibility for mastering the use of the Bloomberg and the Reuters terminals, creating data bases, and maintaining the running ticker and the electronic panel that shows the performance of the SMPP fund in real time.

Students will also be assigned to industries and individual securities to follow and to make buy/sell recommendations. Students will be required to obtain Bloomberg or Bridge-Station certification. Additionally, students are encouraged to pursue finance certifications such as the CFA, NASDAQ's Series 7 and Series 63.

Course Grade:

Course grade will be determined as follows:

Class Participation (passion): 30% of the grade
Taking initiatives (action): 10%
Individual Projects (Analyst Report): 25%
Contribution to the Teams: 25%
End of the Year Assessment Quiz: 10% of grade

Fall Term Plans:

The Fall term plans are as follows:

1. Building the foundations (Bond and Equity Markets, Bloomberg)
2. Learning the ropes and building teams (task assignments)
3. Hearing from the experts (outside speakers)
4. Assessing our portfolio
Bus-461 and Bus-462
Student Managed Portfolio Project (SMPP)
Outline of Fall Activities (9/20/08)

1. Understand the current state of the financial markets: Equity, Fixed Income, Commodities, Futures and Options, Real Estate, and FX.
2. Master and obtain Bloomberg / Rueters BridgeStation Plus certification
3. Manage a mock portfolio on Bloomberg (your “style” or prospectus for your portfolio)
4. Host outside speakers and portfolio managers
5. Learn about the SMPP portfolio:

Key Questions and Tasks:

Prospectus? Objectives…(see next page)
  - Historical track record
  - Learn from last year's class
  - How has the fund performed recently?

Operations of the fund
  - Web page creation and management
  - Publicity materials
    - List of potential employers
    - Compile list of potential…
      - Donors
      - Strategic partners
      - Speakers

What publicity?
  - Reports to Cal Poly Corp.
  - Write up in Mustang Daily (recruit top students)
  - Newsletter
    - To impress
    - Raise awareness
    - Raise funds

Consider the following questions before next class:

6. How do you see yourself contributing to the operation side of fund
   - Research, Trade execution, Publicity, Information System
7. Which sector of S&P 500 do you want to specialize in?
8. What is the best way to contact you (is your email up to date)?
9. Which certification should you pursue?
   - Bloomberg, Reuters, others?
   - Series 7, Series 63, others?
Investment Objective: The fund will look to achieve long term appreciation of capital by applying both active and passive strategies when selecting investments. The funds’ benchmark will be the S&P 500. Our return objective is to provide a total return in excess of 1% above the S&P 500.

Strategy: This objective will be achieved through a broadly diversified portfolio that considers asset classes (e.g. U.S and foreign, large and small stocks) as well as individual security holdings within each class. Diversification will be a main objective, as we will focus on mitigating return volatility while insuring no single issue or class of asset has a disproportionate impact on the portfolio’s performance.

Investment Policies: Listed below are the allowable investments for the fund

Equity Investments: Investments in equities will range from single securities to composites, such as exchange traded funds (ETF’s). The funds’ allocations will be further diversified by economic sector, industry, number of holdings, and other investment characteristics such as investment style and capitalization. Our investments in ETF’s will highlight our passive approach, while individual security selections will underline our active strategy.

Fixed Income Investments: The principal category of fixed income investments will be high quality corporate, municipal, and federal bonds that vary in maturity. These characteristics will also be considered when selecting well diversified bond funds.

Other Investments: The fund will also consider high quality alternative investments, such as real estate investment trusts (REIT).

Short-term, cash-equivalent investments are appropriate as a depository for income distributions or as needed for temporary placement of funds directed for later investment to longer-term capital markets.

Reporting Requirement: The fund will report to the Cal Poly Foundation on both a quarterly and annual basis. This report will contain: the current value of the fund, transactions made during the period, current asset holdings of the fund, and lastly, the performance of the fund against our benchmark.

Risks: The principal risk of investing is that the values of its investments are subject to market, economic, interest rate and business risk that may cause the net asset value to fluctuate over time. Due to the risks associated with this investment, this fund cannot guarantee a certain level of return.
Bus461-Bus-462-Class Survey
Senior Project - Fall 2008
Professor Cyrus Ramezani

Name __________________________ Age ________ Year in school ________
Telephone ______________________ Email ______________________

Your Concentration(s) ____________________________________________ What is your GPA: ________

Do you currently have (or have you had in the past) any internships or jobs related to finance and investment management? ________ If so, please describe your experiences:

_____________________________________________________________________________________________________________________________________________________________

What are your career plans? Which part of finance industry and where would you like to work?

_____________________________________________________________________________________________________________________________________________________________

Have you every bought a stock or bond? ________________________________

Do you have a personal portfolio that you manage regularly? ________________________________

What financial press do you read on regular basis? ________________________________

What is your target graduation date? ________________________________

Why are you taking this Senior Project rather than others? ________________________________

What other courses are you taking this term? ________________________________

How many hours per week are you working this term? ________________________________

Can you commit the whole year to this course? ________________________________

_____________________________________________________________________________________________________________________________________________________________

Which of the following courses have you taken and how long ago:

_____ Finance Courses:

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_____ Statistics (please list)

_____ Economics (please list)

_____ Accounting (please list)

_____ Others Relevant Courses (please list)

I hope you will enjoy your Senior Project experience. Please let me know if you have any particular concerns, constraints or obligations that you want me to be aware of during this class.