TVA Stock Portfolio Management Class at UofM [https://elearn.memphis.edu](https://elearn.memphis.edu)

This course is designed to accomplish three objectives: (1) Prepare you for careers in financial markets such as with Investment Banks, Mutual Funds, Endowment Funds, Pension Plans, Brokers, and Stock Exchanges; (2) Develop investments skills for personal financial planning such as savings and retirement. You build a fundamental knowledge of investment principles that is relevant in every market around the world (3) Students have the opportunity to manage a real TVA equity portfolio of approximately $300,000 and learn from some leading corporate leaders [http://www.longleafpartners.com/about/summary.cfm](http://www.longleafpartners.com/about/summary.cfm)

Please sign up to analyze a stock from the current TVA portfolio (tigerstva on [http://finance.yahoo.com/](http://finance.yahoo.com/)) and another stock which is not in the portfolio. Please add your picks in the discussion section so that each student picks 2 unique stocks. You will be issuing a buy, hold, or sell recommendation for the stock based on rigorous analysis.

**Required reading materials:**

**The Wall Street Journal:** (Heavily discounted subscription form will be passed on the first day of classes. Please sign up at that time in case you don’t already get the Wall Street Journal). Students are responsible for paying the subscription charges whether you buy directly or put your information on discount forms and get the invoice at your home (instead of paying for the textbooks, you pay for the WSJ for this semester for this course).

**PDF articles and excel spreadsheets on Course Website:** [https://elearn.memphis.edu](https://elearn.memphis.edu)

Students will be expected to read the Wall Street Journal every day & come to class with 2 questions from the WSJ. Additional short reading assignments (articles, book excerpts) will be passed out throughout the course, and students are expected to come to class with 1 question from each of these. The instructor will begin each class with a brief talk on a general subject, and then open the floor to questions. He will also ask students some questions of his own. The TVA portfolio will also be discussed every day & students will present reports on companies in the portfolio and potential new investments. Recurring themes will be: Why did a business/investment work/fail? Who/what does “news item x” affect and why/how? The short term vs. the long term. The necessity of staying within one’s circle of competence. The importance of thinking & acting like an owner.

**Grading distribution**

The letter grade equivalent for the total points that you score in the course are as follows:

<table>
<thead>
<tr>
<th>Points Range</th>
<th>Grade</th>
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<tbody>
<tr>
<td>96.1 – 100</td>
<td>A+</td>
</tr>
<tr>
<td>92.1 - 96</td>
<td>A</td>
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<tr>
<td>88.1 - 92</td>
<td>A-</td>
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<tr>
<td>84.1 - 88</td>
<td>B+</td>
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<tr>
<td>80.1 - 84</td>
<td>B</td>
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<tr>
<td>75.1 - 80</td>
<td>B-</td>
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<tr>
<td>70.1 - 75</td>
<td>C+</td>
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<td>56.1 - 60</td>
<td>D+</td>
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<td>50.1 - 56</td>
<td>D</td>
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<tr>
<td>Below 50</td>
<td>F</td>
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Points are assigned to the following activities:

- Class Attendance: 25%
- WSJ & other in class discussions: 25%
- Valuation Spreadsheet: 10%
- Written equity report: 10%
- Equity report presentation: 10%
- Quiz: 20%

**TENTATIVE SYLLABUS:**

How to read the Wall St. Journal
Other good places to get financial information

How to write an equity research report

Do things have an inherent worth
   Can it differ from what the stock market says; examples of inefficiency
How to find this value for a business
  Adjusted book value, discounted cash flow, comps
Commodities/things that don’t produce a cash flow stream
  What are they worth – how can oil go from $10 to $140 to $40 in less than 10 years

SEC Filings/financial statements
  How to read them; what to look for

Why do some companies/industries work & others fail
  Porter’s 5 forces + brand power + “flex”; good & bad examples of each

How do individuals/companies decide where to put their money
  What risk really is – bills/career vs. beta; Diversification – math vs. real world
Capital structure/allocation
  5 things you can do w/ cash flow; good & bad examples of each

How to partner with good people
  The psychology of a successful investor/businessman

Technical Analysis vs. Value Investing

Red Flags

Bubbles/Severe Pessimism
  Why they will each always happen – examples

What is the point of all this