**Instructor**: Dr. Zafer Yuksel

**Office**: M-5-257

**Office Hours**: M 2:00-5:00PM

**Class Meeting Day & Time**: M 5:30-8:15 PM

**Office Phone**: 617-287-7671

**E-mail**: zafer.yuksel@umb.edu

**Class Location: University Hall Y03-3370**

**Course Description and Objectives:**

This course intends to introduce students to the myriad aspects of the mutual fund business, including mutual fund’s structure, regulations, marketing and distribution. In addition, we will explore the role and business impact of a fund company’s major functions, including portfolio management, marketing, shareholder servicing, and systems and technology. Students will gain an appreciation of the historical growth and evolution of funds, the dynamic nature of mutual fund investors, the role of mutual funds as institutional investors, and the major trends that will shape the future of the industry.

The goals of the course are to provide:

* The basics of the industry, including why people use intermediaries rather than investing directly; the evolution of the mutual fund industry and the major factors contributing to its growth; the main measures (peer group and indexes) to gauge fund performance; and the regulatory framework and its business impact.
* The core functions of the mutual fund business, including portfolio management and trading of stocks, bonds, and money market instruments; and the roles and responsibilities of investment personnel which include strategies pursued by portfolio managers.
* Marketing and servicing of shareholders in the direct, broker/dealer and defined contribution retirement plan channels, and how customers’ changing needs and competitive activities have shaped the business.
* The financial dynamics of mutual funds, including fee structures; and more specialized areas of inquiry, including corporate governance issues raised by mutual funds as institutional investors, the role of technology in shaping the industry, and the internalization of mutual funds.

**Course Materials:**

**Textbook:**

**The Fund Industry, 2nd Edition by Robert Pozen and Theresa Hamacher**

**ISBN: 978-1-118-92994-0 56000**

**Supplementary Readings:**

**Common Sense on Mutual Funds, John Bogle**

**A Random Walk Down Wall Street, Burton Malkiel**

**Investment Philosophies, Aswath Damodaran**

**Class Materials and PowerPoint Slides:**

You can access all class materials at [www.zaferyuksel.com](http://www.zaferyuksel.com)

**Calculator:**

A calculator that does **two variable statistic** (that is ) is needed for homework and exams. If you do not have one, I recommend the Texas Instrument BAII Plus or HP 10BII business calculators. They do everything you need to able to do, are user friendly, and are relatively inexpensive. They are the models of calculator that are authorized for use during CFA exam.

**Cases Analysis:**

There will be two individual case analyses for this classes.

You are required to have completed a thorough preparation of the case and chapter readings to be used for class discussion. This means understanding to a level of decision making and action taking of the case or reading. Details in case analysis are always important. Do not settle just for a general understanding. If you do, you will not be able to provide more than generic answers, and those generally do not lead to specific recommendations/actions.

The objective is to apply the finance concepts discussed in class to a financial management problem, and to students’ critical ability; to actively conceptualize, apply, analyze, and evaluate information and to make informed decision: These projects require the use of Excel spreadsheet.

* Each student submits electronically before deadline one copy of the report and Excel document (if any) (via email titled AF 624). **Note:** *Late reports will be penalized by 15% each late day.*

**Attendance:**

The University expects students to attend all regularly schedule class meetings because attendance and participation in class (including online courses) are fundamental parts of the learning process and key factors in academic success. Absences for any reasons should be discussed with the instructor as soon as possible, preferably in advance. Certain absences, such as those due to medical issues, may be excused provided appropriate notice and documentation are provided. For details, see: <https://www.umb.edu/registrar/academic_policies/class_attendance>.

**Quizzes:**

6 unannounced quizzes will be administered in class when deemed appropriate. The goal is to maximize the efficiency of the time spent in class. The lowest (2) score will be dropped at the end of the class.

**Computer and Cell Phone Policy:**

Unauthorized use of electronic devices during class is disruptive and disrespectful. Please follow these guidelines.

1. Cell phones must be silenced and put away during the class
2. If you have children or another situation which requires that you be accessible by phone during class time, please let me know. In this case, you may put your phone on vibrate and check your messages.
3. You should bring your calculator to every class, but if you occasionally forget it, I will permit to use your phone for calculations during class time. However, you must use it for calculations only and I may ask you to put your phone away at any time if I find that it is too distracting.
4. If you would like to use a tablet or laptop to take notes, you may do so as long as you remain on task. I may ask you to put away your device at any time if I find that it is too distracting.

**Student Behavior/Academic Honesty:**

As a student taking coursework in this College, you have an obligation to maintain the highest standards of ethical conduct. You are expected to follow regulations and procedures regarding Academic Standards, Cheating, Plagiarism, and the Documentation of Written Work (http://www.umb.edu/administration/student\_affairs/dean/judicial/csc.html).  Students caught cheating or plagiarizing will, at the discretion of the instructor, flunk either the assignment in question or the course and will have a description of the incident attached to his or her academic records.

The reason for requiring the highest standards of ethical conduct is to ensure fairness, honesty and integrity in the evaluation of student performance. Evaluation of student performance should not be invalidated by students intending or attempting to misrepresent the skill, achievement or ability of either themselves or others.

**Disabilities:**

If you have a disability and feel you will need accommodations in order to complete course requirements, please contact the Ross Center for Disability Services (M-1-401) at (617) 287-7430. For more information see: <http://www.rosscenter.umb.edu/>

**Course Grading**

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| --- | --- |
| Cases (x2) | 40% |
| Quizzes | 20% |
| Individual Project | 25% |
| Participation | 15% |
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**Grading Policy**

A: At least 94 percent of the possible points in the class

A-: 90 to 93 percent of the possible points in the class

B+: 87 to 89 percent of the possible points in the class

B: 83 to 86 percent of the possible points in the class

B-: 80 to 82 percent of the possible points in the class

C+: 77 to 79 percent of the possible points in the class

C: 73 to 76 percent of the possible points in the class

C-: 70 to 72 percent of the possible points in the class

D+: 67 to 69 percent of the possible points in the class

D: 63 to 66 percent of the possible points in the class

D-: 60 to 62 percent of the possible points in the class

F: Fewer than 60 percent of the possible points in the class

**Class Schedule**

**Note that this is a tentative outline and the actual coverage will depend on the pace of progress of the class.**

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| --- | --- | --- | --- |
| **L#** | **Date** | **Topics** | **Reading** |
| **1** | January 28 | Syllabus and Introduction | PH: Chapter 1 |
| **2** | February 4 | Investing thorough Mutual Funds  How Mutual Funds Work | PH: Chapters 1&2 |
| **3** | February 11 | Cost of Mutual Funds  Mutual Funds-Sales and Operations | PH: Chapters 5&11 |
| **4** | February 25 | Comparing Mutual Funds-I | PH: Chapter 3&4 |
| **5** | March 4 | Comparing Mutual Funds-II  **In-Class Excel Analysis** | PH: Chapter 3&4 |
| **6** | March 18 | Mutual Fund Portfolio Management | PH: Chapter 6 |
| **7** | March 25 | **In-Class Case Discussion**  **(Bill Miller and Value Trust)**  **Individual Project Discussion** | Reading- PH Chapter 10 |
| **8** | April 1 | Mutual Fund Portfolio Management | PH: Chapters 7&8 |
| **9** | April 8 | Implementing Portfolio Decisions: Trading  **Case I: Pittinos Financial Advisers** | PH: Chapter 9 |
| **10** | April 22 | **Case I Discussion** | Reading- PH Chapters 17&18 |
| **11** | April 29 | Retirement Saving through 401(k) Plans  **In-Class Case Discussion**  **(Managing a 401(k) Fund)** | PH: Chapters 12&13 |
| **12** | May 6 | Beyond Traditional Funds  Case II: Liquidity, Mutual Funds, and Reflow Management, LLC. | PH: Chapters 15&16 |
| **13** | May 13 | **Case II Discussion** |  |