

UNIVERSITY OF SAN FRANCISCO
College of Arts and Sciences

MS in Financial Analysis—Program Assessment Plan

Program Goals and LOS

The MS in Financial Analysis program is unique in the sense that its program goals are explicitly tied to those of the CFA® designations Comprehensive Body of Knowledge (CBOK). The CFA® designation is administered by the CFA Institute and requires candidates to pass three annual exams offered worldwide. The CFA Institute conducts ongoing surveys of its members (CFA charterholders, other investment professionals, and investment firms worldwide to determine changes to the CBOK over time.

The MSFA program has been an Academic Program Partner of the CFA Institute since 2006. To become an Academic Program Partner, a university and program must fulfill qualifications outlined in the attached CFA PROGRAM PARTNERSHIP (17 March 2006). In particular the MSFA program had to show that it covered more than 70% of the Learning Outcome Statements that comprise the CFA CBOK, used CFA-approved texts in the MSFA programs, meet accreditation standards, and have a minimum number of credit hours for graduation.

The MSFA program was judged to meet the required standards; in particular, the coverage of very detailed LOS's associated with the three levels of the CFA exams. The document - MS in Financial Analysis Curriculum to CFA® CBOK - provides a mapping from the CFA LOS areas to the relevant MSFA courses cover. This was submitted to the CFA Institute as part of the Academic Program partnership process, along with detailed syllabi from each course in the MSFA program, and approved by the CFA Institute as covering the CFA CBOK.

The CFA CBOK LOS are very specific statements regarding knowledge that a student should have in a variety of topic areas to be prepared for a career in financial analysis or investment management. I have attached the Study Guide for the Level I CFA exam for 2009 that sets out the topic areas, study sessions, and associated LOS.

The next page provides a higher level overview of the goals of the CFA program. These form the main guiding goals for the related MSFA courses. MSFA courses strive to achieve understanding and ability to implement these higher level goals using the tools and theories set out specifically in the CFA CBOK LOS.

CFA Program Higher Level Goals

1. Framework for ethical conduct in the investment profession by focusing on the CFA Institute Code of Ethics and Standards of Professional Conduct as well as the Global Investment Performance Standards (GIPS®).
2. Fundamental quantitative techniques essential in almost any type of financial analysis including (i) the time value of money, (ii) basics of statistics and probability theory, (iii) probability theory applied in the field of investment valuation and financial risk management, and (iv) joint behavior of two or more variables, including correlation and linear regression.

3. Thorough knowledge of macroeconomic and microeconomic principles, including the key components of economic activity, macroeconomic theory and policy, international trade, and exchange rates. Develop expected returns and risks for asset classes and individual assets based on macro- and micro-expectational factors.
4. Thorough knowledge of financial accounting procedures and rules. Able to (i) analyze and use financial statements and accompanying disclosures in the investment valuation process; ii) analyze a company's liquidity, profitability, financial stability, solvency, and asset utilization; and iii) analyze the effects of alternative accounting methods and assumptions.
5. Thorough knowledge of the analysis of equity investments, including securities markets, efficient market theory, the analysis of equity risk and return (for industries and companies), and technical analysis. Apply to the management of equity portfolios, including global investments.
6. Thorough knowledge of the analysis of fixed income investments, including basic characteristics of bonds in alternative sectors, valuation tools, and factors that influence bond yields. Develop strategies for fixed income portfolios.
7. Thorough knowledge of the analysis of derivative investments, including forwards, futures, options, and swaps.
8. Working knowledge of the analysis of alternative investments, including mutual funds, exchange traded funds, real estate, venture capital, hedge funds, closely held companies, distressed securities, and commodities and commodity derivatives. Develop strategies for incorporating alternative assets in multi-asset portfolios.
9. Specify and quantify investor objectives, constraints, and preferences in terms of return requirements and risk tolerances, and develop an appropriate investment policy statement; document approved investment policies; recommend an appropriate asset allocation based on return and risk; develop strategies for managing portfolios of domestic and foreign debt securities, including passive, semi-active, and active management techniques; ; develop strategies for managing portfolios of domestic and foreign equity securities, including passive, semi-active, and active management techniques that incorporate different management styles; manage portfolio risk and adjust risk exposure and, with derivative securities.

**MS in Financial Analysis Curriculum to CFA® CBOK
From CFA® Academic Program Partner Application**

CFA® CBOK Domains and Sub-domains	USF-MSFA Courses Covering Curriculum Domain
I. Ethics and Professional Standards	
A. Applicable laws and regulations B. Professional Standards of Practice C. Ethical Practices	ECON 728: Ethics and Finance I ECON 748: Ethics and Finance II
II. Quantitative Methods	
A. Time value of money	ECON 710: Microeconomics for Finance
B. Probability C. Probability distributions D. Descriptive statistics	ECON 712: Financial Markets
E. Sampling and estimation F. Hypothesis testing G. Correlations analysis and linear regression H. Multiple regression I. Time series analysis J. Simulation analysis	ECON 730: Econometrics ECON 744: Financial Econometrics
III. Economics	
A. Market forces of supply and demand B. The firm and industry organization	ECON 710: Microeconomics for Finance
C. Measuring national income and growth D. Business cycles E. The monetary system F. Inflation G. International trade and capital flows H. International finance I. Aggregate demand and aggregate supply J. Sources of economic growth	ECON 716: Macroeconomics for Finance
K. Government regulation L. Impact of economic factors on valuation and risk	ECON 710: Microeconomics for Finance
IV. Financial Reporting and Analysis	
A. Financial reporting system B. Principal financial statements	ECON 720: Equity Valuation

<ul style="list-style-type: none"> C. Financial reporting quality D. Analysis of inventories E. Analysis of long-lived assets F. Analysis of taxes G. Analysis of financing liabilities H. Analysis of leases I. Analysis of off-balance-sheet assets and liabilities J. Analysis of pensions, stock compensation, and other employee benefits K. Analysis of inter-corporate investments L. Analysis of business combinations 	<p>ECON 726: Advanced Financial Statement Analysis</p>
<ul style="list-style-type: none"> M. Analysis of global operations 	
<ul style="list-style-type: none"> N. Analysis of financial instruments, derivatives, and hedging activities 	<p>ECON 734: International Finance</p>
<ul style="list-style-type: none"> O. Ratio and financial analysis 	<p>ECON 722: Derivatives I</p>
<p>ECON 720: Equity Valuation</p>	
<p>V. Corporate Finance</p>	
<ul style="list-style-type: none"> A. Fundamental issues B. Capital investment decisions C. Business and financial risk D. Long-term financial policy E. Short-term financial policy F. Corporate restructuring 	<p>ECON 714: Corporate Finance</p>
<p>VI. Analysis of Equity Investments</p>	
<ul style="list-style-type: none"> A. Characteristics of equity securities B. Organization and functioning of securities markets C. Security market indexes and benchmarks D. Risk, return, and equity analysis 	<p>ECON 712: Financial Markets</p>
<ul style="list-style-type: none"> E. Fundamental analysis F. Special applications of fundamental analysis G. Equity or hybrid investment vehicles 	<p>ECON 720: Equity Valuation</p>
<ul style="list-style-type: none"> H. Private equity I. Technical analysis 	<p>ECON 742: Alternative Investments</p>

X. Investment Planning, Wealth Management, and Portfolio Management	
A. Portfolio concepts	ECON 740: Capital Market Theory
B. High net worth: individual/family C. High net worth: role of the fiduciary advisor D. Management of institutional investor portfolios E. Pension plan and employee benefit funds F. Endowment funds and foundations G. Insurance companies H. Banks (investment policy considerations) I. Pooled funds	ECON 746: Portfolio Management
J. Capital market expectations K. Tax efficiency L. Asset location M. Asset allocation N. Portfolio construction and revision O. Equity portfolio management strategies	ECON 740: Capital Market Theory
P. Fixed income portfolio management strategies	ECON 732: Derivatives II
Q. Alternative investment management strategies	ECON 742: Alternative Investments
R. Risk management	ECON 744: Financial Econometrics
S. Performance evaluation	ECON 740: Capital Market Theory
T. Presentation of performance results (GIPS®)	ECON 748: Ethics and Finance II

MSFA Assessment Overview and Plan

The MSFA program is explicitly built on a set of LOS's that are professionally designed to reflect a Body of Knowledge that is continually updated to reflect the needs of the investment management profession. The MSFA program also uses finance and investment management professionals who are CFA charterholders to deliver a significant portion of the MSFA program, approximately 40% of the program, concentrated in courses involving case studies and applications of techniques.

There are two main methods of evaluating the success of the MSFA program in achieving its goal of helping students gain the necessary training to succeed in financial analysis or investment management:

1. Track student success in securing jobs in their chosen area of investment management, and for those working before or during the program track job promotions or salary increases in the years immediately after they finish the program.
2. Track student achievements of the CFA Level I, II, and III exams relative to performance of all candidates taking these exams.

Evaluation Method 1 is beyond the scope of the Department at present given the limited resources available to track and interview graduating students at USF. Evaluation Method 2 is somewhat biased, as not all students in the MSFA program take, or even plan to take, the CFA exams. It is possible to track self-reported outcomes from students who have taken the exams through a survey of current and recently graduated students each year.

Academic Year 2008-2009 and beyond:

Beginning in Fall 2008, the MSFA Program Director will conduct surveys of current students and recent graduates of both MSFA programs, 2-year Professional and 1-year Accelerated, to determine who have taken a CFA exam(s) in the past year and what their results have been. The survey will also elicit their views on how the MSFA program helped them with their CFA exam preparation, relative to not having the courses, and what could be improved in the program.

Academic Year 2009-2010 and beyond:

Beginning in the 2009-2010 academic year, the MSFA Program Director will conduct surveys of current students and recent graduates of both MSFA programs to determine their career experiences after graduating from the MSFA program. This survey is likely to be highly sensitive to macroeconomic conditions, and I expect that results from 2009-2010 will be dramatically skewed by the financial crisis of September/October of 2008. Nonetheless, it is likely that feedback of the experience of MSFA graduates in the job market will help make the case for more, and better targeted, Career Service support for the program. It will also highlight the very different experiences of the primarily domestic Professional MSFA students and the primarily international Accelerated MSFA students in the job market. It is likely the Accelerated MSFA graduates will focus on the need for support for U.S. internships and a higher visibility for MSFA graduates with financial companies in other countries.

CFA INSTITUTE

CFA PROGRAM PARTNERSHIP

17 March 2006

PROGRAM BENEFITS AND REQUIREMENTS:

BENEFITS: CFA Institute provides each Partner:

- the right to use a CFA Program Partner logo on its print and electronic marketing literature;
- special recognition as a partner on the CFA Institute website (including a hotlink to the partner's website), in print marketing, and at conferences;
- access, equivalent to that of a CFA candidate, to information on the nature of the CFA examinations, including printed copies of some sample examinations.
- one complimentary set of CFA Institute produced university-oriented textbooks based on the CBOK annually;
- notices of educational opportunities for lifelong learning through CFA Institute Conferences and publications;
- a complimentary statistical service report, showing pass rates for those student-candidates who permit the partner to release their names, and those student-candidates' average scores, by section, on the Examination(s);
- five Student Scholarships per calendar year to any partner that has no charterholder on staff. These scholarships can be awarded to undergraduate students only in their final year of course work (seniors) or to graduate students. Under each scholarship, registration fees (currently US\$375) are waived and the candidate is responsible to pay US\$150 of the \$360 enrollment fee, currently making each scholarship worth \$585.

Societies are an important part of this Partnership Plan. Society members may make themselves available as guest speakers for partners and partners should encourage student-candidates to join their societies;

REQUIREMENTS:

- For consideration as a partner, a program must be based in an institution holding accreditation by one of the following bodies: AACSB International, EQUIS, or the Association of MBAs. CFA Institute may, at its sole discretion, consider programs at other institutions, on a case-by-case basis, but is under no obligation to do so.

- To qualify as a Postgraduate partner, institutions or associations must grant degrees or certificates requiring a minimum of 30 semester hours/credits of coursework beyond the bachelors (or equivalent) degree (or an equivalent measure outside North America) with at least 24 of those semester hours/credits devoted primarily to topics covered in the Candidate Body of Knowledge[®] (CBOK). For this purpose, one semester credit hour (representing 14 contact/class hours) is equivalent to two European Credits Transfer System (ECTS) units. The 24 semester hour figure is a minimum only. CFA Institute considers the adequacy of each program's coverage of the CBOK.
- Institutions seeking to qualify only as Undergraduate partners must grant degrees or certificates requiring a minimum of 15 semester hours/credits (or an equivalent measure outside North America) of coursework covering CBOK topics. The requirement that undergraduate students may sit for Level I in the year in which they graduate, and that CFA Institute will not release a candidate's examination results until he/she shows evidence of receipt of a degree is *not* waived for partner student-candidates. The 15 semester hour figure is a minimum only. CFA Institute considers the adequacy of each program's coverage of the CBOK.
- Postgraduate programs must demonstrate to the satisfaction of CFA Institute that the required course of study covers 70 percent of the CBOK topics for all three levels of the CFA examinations. Undergraduate programs must demonstrate that the required course of study covers 70 percent of the Level I CBOK topics. The partner (whether postgraduate and undergraduate) must demonstrate coverage of CFA Institute Ethical and Professional Standards (i.e., the *Standards of Practice Handbook*).
- Each partner must demonstrate that all of its promotional materials and other public statements regarding its relationship with CFA Institute and its coverage of the CFA[®] curriculum are truthful, complete, and contain no misleading statements. Claims as to the pass rates of student-candidates must state clearly that these rates are based on voluntary disclosures by the candidates and must state the percentage of the partner's student/candidates on which they are based, at each level.
- Each partner must adhere to the *Trademark Guidelines for Universities Incorporating the CFA[®] Program into the Curriculum*, as posted on CFA Institute's website (<http://www.cfainstitute.org>).
- Each partner must disclose any and all conflicts of interest that it or its faculty may have in their role as a CFA Program Partner.
- In most cases, a university or association will register as a single partner, based on as few as one qualifying program of study, no matter how many qualifying programs of study it offers. In cases in which a single partner wishes the benefits

of its status to accrue to students enrolled in more than one program (for example, a single department of finance wishing to qualify separate undergraduate and graduate programs), each of those programs must submit a separate application and each must qualify on its own merits. In rare cases in which separate and distinct faculties or departments offer distinct qualifying programs, a single institution may be home to more than one partner.

- Programs must be based on materials assigned in the CFA[®] curriculum (textbooks or CFA Institute-designated custom materials) or equivalent materials. Preparatory notes or other ancillary aids must only be used as supplements. CFA Institute will offer price discounts to partners for those assigned materials that it produces, excluding customized curriculum products.
- One faculty member or administrator must be designated to act as Program Director. This individual will be the primary contact with CFA Institute, responsible for the initial application and renewal processes. Ideally, the Program Director will be a CFA[®] charterholder and a member of the local CFA Society. In those cases in which a single partner qualifies more than one program of study, it will designate a Program Director for each qualified program of study.
- To apply for status as a partner, an institution must provide all relevant information about program plans and/or details, including, but not limited to: summary curriculum; course syllabi; historical, current, and projected enrollment figures; accreditation status of the institution and (if applicable) the unit that is home to the partner; a list of current faculty members and their roles in the partnership; a statement disclosing any and all conflicts of interest; and the Program Director's curriculum vitae. The partner must also submit a letter signed by the college dean (or other chief academic officer) and by the Program Director stating the institution's support for the CFA Program Partnership. Upon approval of the Partnership by CFA Institute, both the partner and CFA Institute will sign a Partnership Agreement.
- CFA Institute reserves the right, at its sole discretion, not to approve any application for status as a partner.