

**FIN450: Applied Portfolio Management**  
**29-Oct-2007 Class Summary**

**Mr. Kent McCarthy**

Investing is dynamic –

Golden Meditech – AAA+++, Great new information, but management is keeping the stock under wraps.

Brooke Insurance – Cutting their share of residual commissions from 15% to 10%. Franchisees may be struggling. Not selling a lot of new franchises. Burning through cash to buy bank deposits, expenses of running the franchise operation. Logistics are not properly equipped to handle so much growth.

LSB – Jayhawk has sold a great deal of stock. Negative on world equity equity prices. Chemicals are very cyclical.

China may be getting overvalued –

Take away from Golden Med –

They paid \$50 million for 50% stake in the mobile phone.

Launchtek – 9.7 million revenue this year

Tack Fat – May have liquidity issues due to withdrawal of credit line.

Brooke is paying a 90% dividend.

Interceramic – SGA seems high, advertising in new US stores. To get \$50 million in EBITDA

Recommendations: Sell a little LXU, sell out of CDC, lighten up on SOHU. Bring Golden Med up to 20% of the portfolio.

We will crush the lawsuit guy!

Reminder: Cerner site visit – starts at 1:00pm arrive by 12:30 for security check-in.

**Cerner Case:**

Own up to your estimates!

SOHU earnings beat the street by \$.04 per share (could be a bubble stock).

Read Bob MacAdo, from Avondale Securities.

CVP- Cost Volume Profit Analysis –

Average Revenue per unit-

Think of appropriate questions for the divisions we will be visiting.

**Shelia Davis:**

Went to work at American Century in 1998. Working in HR, management, known for putting her hand up. American Century Ventures, corporate venture capital arm, in 2000 by 2002 VC had crash. Developed a Multifactor quantitative model and back tested on market data. Left American Century in June 2007.

**Kara Tambala:**

Starting in sell-side research, sales & trading. Cash management. As a portfolio manager, you must read and understand how to come up with new ideas. You will also be asked when to sell. Advice: don't fall in love with stocks.

Career Management:

Ethics: Put fiduciary duty of your clients first. Tell the truth. Don't lie, don't cheat.