

<b>Course</b>	<b>FINC 5210 / JA / Investments</b>	
<b>Term</b>	Fall 2, 2009 – Monday – 6:00 pm – 10:00 pm 10/19, 10/26, 11/2, 11/9, 11/16, 11/23, 11/30, 12/7, 12/14	
<b>Instructor</b>	Name: Sina Rezaei Home Phone: (904) 642-5791 Work Phone: (904) 607-8164 Email: <a href="mailto:srezaei76@yahoo.com">srezaei76@yahoo.com</a>	
<b>Catalog Description</b>	Principles and methods of investing in securities of business and government. This course is a study of practical management of portfolios containing both fixed-income and equity investments. The course will examine the issues in and the procedures for security analysis and a brief introduction to portfolio management. The emphasis is on the application of analytical techniques for individual investors.	
<b>Prerequisites</b>	FINC 5000	
<b>Course Level Learning Outcomes</b>	<b>Outcome</b>	<b>Expectation</b>
	1. Students can calculate the value of fixed income securities	Students can compute yield-to-maturity given current bond information. Students can also compute yield to call and realized compound yields.
	2. Students can calculate the value of equity securities	Students can compute the value of equity securities using both the earnings multiplier model and the dividend valuation approach.
	3. Students are able to discuss market functioning and the role efficient markets play in security valuation	Students can explain whether or not observed return patterns violate market efficiency and, if so, which type of market efficiency is violated.
	4. Students can evaluate credit and interest rate risk	Students can compute duration and establish strategies for reducing risk using duration matching.
	5. Students demonstrate understanding of equity valuation including the	Students can prepare an individually-written case analysis on a publicly-traded company of their choosing. This analysis

	<p>examination of economic indicators and industry-level data for a firm.</p>	<p>requires students to estimate the value of equity using fundamental valuation and considering the impact of market and industry conditions.</p>																
	<p>6. Students can research securities and to make actual trades using a stock simulation package.</p>	<p>Students can justify stock selections using information gathered from commonly used investment data sources. Trades will take place in a trading simulation package, such as StockTrak.</p>																
<b>Materials</b>	<p>Bodie, Z. &amp; Kane, A. and Marcus, A. (2008). <b>Investments</b>. (8th Edition). Irwin/McGraw-Hill. ISBN# 0-07-338237-X</p> <p><b>To Order Textbooks go to the local North FL website <a href="http://www.webster.edu/jack">www.webster.edu/jack</a> and click on Order Textbooks to select a vendor</b></p> <p><b>Note: Textbooks must be ordered 2 weeks prior to class to ensure delivery</b></p> <p><b>Supplemental Reading/Technical Requirements:</b></p> <ul style="list-style-type: none"> <li>• Wall Street Journal and other Financial or Business Journals (Investor's Business Daily, Businessweek, Forbes, Fortune, Barron's, etc.). Students will have the opportunity to subscribe to the WSJ at deeply discounted student rates.</li> <li>• Students are also encouraged to utilize the many business and investment related websites for current news and events. Such sites include but are not limited to CNNfn.com, MSNBC.com, Bloomberg.com, CBSMarketwatch.com, CNBC.com, CBOE.com, TheStreet.com, etc.</li> <li>• Knowledge of and access to MS Word and MS Excel</li> <li>• Financial Calculator – Must know how to operate!</li> <li>• <b><u>Research Paper Guidelines and Sample Paper</u></b> – See website @ <a href="http://www.webster.edu/jack">www.webster.edu/jack</a> and click on the Student Resources category.</li> </ul>																	
<b>Grading</b>	<table border="1"> <thead> <tr> <th><b>Assignments</b></th> <th><b>Maximum Points</b></th> </tr> </thead> <tbody> <tr> <td>• Pre-Assignment/Presentation W/Passports</td> <td>10 Points</td> </tr> <tr> <td>• Second Research Paper/Presentation w/Passports</td> <td>10 Points</td> </tr> <tr> <td>• Current Events</td> <td>10 Points</td> </tr> <tr> <td>• Exams (3 @ 15)</td> <td>45 Points</td> </tr> <tr> <td>• Final Case Study/Presentation</td> <td>20 Points</td> </tr> <tr> <td>• Class Participation and Attendance</td> <td><u>5 Points</u></td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>100 Points</b></td> </tr> </tbody> </table>		<b>Assignments</b>	<b>Maximum Points</b>	• Pre-Assignment/Presentation W/Passports	10 Points	• Second Research Paper/Presentation w/Passports	10 Points	• Current Events	10 Points	• Exams (3 @ 15)	45 Points	• Final Case Study/Presentation	20 Points	• Class Participation and Attendance	<u>5 Points</u>	<b>TOTAL</b>	<b>100 Points</b>
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Letter grades will be assigned pursuant to the following scores based on the percent of the total possible points (weighted according to the scale above) that you earned in the course.

Percentage of Total Points	Grade
95%-100%	A
90%-94%	A-
88%-89%	B+
84%-87%	B
80%-83%	B-
70%-79%	C
Below 70%	F

**Activities**

- This course requires reading, problem solving, writing, and presentation skills. Students will demonstrate mastery of the course material through active discussion involving current investment articles in the Wall Street Journal or other major investment publications, and application of course content to current news events. Students will demonstrate mastery of investment analysis by conducting an in-depth analysis on a publicly-traded stock of their choosing. The analysis will also be presented as a brief in-class discussion led by each student on their own equity.
- Outside reading of current investment publications, such as Barron's or the Wall Street Journal, or other publications to support various ideas
- Textbook problems are also used to ensure students understand a variety of related equations, such as reduction of risk through diversification using assets with negative correlations, how to determine equity value using the Gordon and Price/Equity approaches to equity valuation, and more.

**Pre-Assignments and 2<sup>nd</sup> Research Paper and Presentations:**

- Each student will prepare two research papers utilizing but not limiting research to Passports. Each paper will be worth 7.5 % and each presentation will be worth 2.5% of the final grade.
- Papers should be minimum 3-5 pages in length, typed and double-spaced. **Each Paper will also require an oral presentation (Including Week 1).** Presentations should be concise and not exceed 5 minutes.
- A MINIMUM of five (5) resources, of which THREE (3) must be from Passports, must be used to satisfy the requirements of the research project. Failure to utilize the minimum number of reference sources will result in a full letter grade reduction. There is no limitation on the number or type of resources that may be utilized. Proper citations, footnoting and bibliographies are required.
- As with all assigned papers/cases, research projects will be graded on content,

effectiveness of argument, organization, and application of knowledge.

- Grammatical and spelling errors will count against you – sloppiness is a death knell to business presentations, and is inexcusable given available word-processing software.
- Late Research Papers will receive a 5% grade reduction **per day** and will receive a zero for the presentation grade.

**Exams:**

- The exams are non-cumulative and are worth 15% each.
- The exams will be take-home and will be multiple choice, short answer, and essay questions.

**Final Case Study and Class Presentation:**

- The Final Case study paper will be worth 15% of the final grade and the Case presentation will be worth 5%. Topics will be given at a later date.
- Papers should be typed and double-spaced. Papers should be approximately 5-7 pages in length and will be expected to follow prescribed format to be outlined in class.
- Students are expected to utilize cumulative course knowledge in their approach to the Case Studies. Formal research is not discouraged, but may not be required. The purpose of the project is to test the student's ability to apply the covered coursework to real life investment situations.
- As with all assigned papers/cases, research projects will be graded on content, effectiveness of argument, organization, and application of knowledge.
- Grammatical and spelling errors will count against your score. Word Processing software essentially prohibits spelling and grammatical errors, so sloppy work will be appropriately penalized. There is no excuse for sloppy work!!!

**Class Participation and Attendance:**

- Students are expected to attend all class sessions of every course for the full 36 contact hours. In the case of unavoidable absence, the student must contact the instructor. The student is subject to appropriate academic penalty for incomplete or unacceptable makeup work, or for excessive or unexcused absences. Generally, a student who misses more than one four-hour course period (per course) without a documented military or medical excuse and advanced permission of the instructor should withdraw from the class. The University reserves the right to involuntarily drop enrolled students from classes, which they do not attend. **PLEASE BE ADVISED: Students who do not attend the first class session, who have not made prior arrangements with the instructor for being absent, will be dropped from their courses.**
- Attendance the last day of class is mandatory to ensure that all work is completed and to be awarded a passing grade. An Incomplete will not be acceptable without documental proof (Death Notice, Doctor's Letter, etc.) as to absence relating to non-completion of class work. These must be faxed 904-262-1459 or dropped off to Webster University by the Monday after the term

	<p>ends.</p> <ul style="list-style-type: none"> <li>• Participants are expected to arrive on time and be actively involved in the learning experience. Each student should desire to learn, participate, and proactively contribute to the learning of others during each discussion and exercise.</li> <li>• Students are to participate in classroom discussions. The discussions are an opportunity for students to reveal their understanding of the assignments made for the current and previous classes.</li> <li>• Assignments are given to prepare the student to participate in class discussions; therefore, it is imperative that reading assignments and associated questions for discussion be completed prior to class.</li> <li>• A maximum of 5 points will be awarded based on the level and quality of participation and preparation.</li> <li>• Failure to turn in an assignment within one week will result in a grade of "0" for that assignment. In addition, failure to submit an assignment will lower the final grade by an additional two points.</li> <li>• All assignments are due as detailed in the Course Schedule.</li> <li>• Late assignments will be accepted, if they are turned in <b>no later</b> than one week later, but will be penalized one letter grade. Furthermore, late assignments will lower the student's final grade by an additional one point.</li> <li>• Late assignments will not be accepted for the final assignments the last week of the course to allow timely completion and grades to be submitted.</li> </ul>
<p><b>Policy Statements:</b> <b>University Policies</b></p>	<p>University policies are provided in the current course catalog and course schedules. They are also available on the university website. This class is governed by the university's published policies. The following policies are of particular interest:</p> <p><b>Academic Honesty</b></p> <p>The university is committed to high standards of academic honesty. Students will be held responsible for violations of these standards. Please refer to the university's academic honesty policies for a definition of academic dishonesty and potential disciplinary actions associated with it.</p> <p><b>Drops and Withdrawals</b></p> <p>Please be aware that, should you choose to drop or withdraw from this course, the date on which you notify the university of your decision will determine the amount of tuition refund you receive. Please refer to the university policies on drops and withdrawals (published elsewhere) to find out what the deadlines are for dropping a course with a full refund and for withdrawing from a course with a partial refund.</p> <p><b>Special Services</b></p> <p>If you have registered as a student with a documented disability and are entitled to classroom or testing accommodations, please inform the</p>

	<p>instructor at the beginning of the course of the accommodations you will require in this class so that these can be provided.</p> <p><b>Disturbances</b></p> <p>Since every student is entitled to full participation in class without interruption, disruption of class by inconsiderate behavior is not acceptable. Students are expected to treat the instructor and other students with dignity and respect, especially in cases where a diversity of opinion arises. Students who engage in disruptive behavior are subject to disciplinary action, including removal from the course.</p> <p><b>Student Assignments Retained</b></p> <p>From time to time, student assignments or projects will be retained by The Department for the purpose of academic assessment. In every case, should the assignment or project be shared outside the academic Department, the student's name and all identifying information about that student will be redacted from the assignment or project.</p> <p><b>Contact Hours for this Course</b></p> <p>It is essential that all classes meet for the full instructional time as scheduled. A class cannot be shortened in length. If a class session is cancelled for any reason, it must be rescheduled.</p>
<b>Course Policies</b>	<p>Academic Dishonesty: Webster University strives to be a center of academic excellence. As part of our Statement of Ethics, the University strives to preserve academic honor and integrity by repudiating all forms of academic and intellectual dishonesty, including cheating, plagiarism and all other forms of academic dishonesty. Academic Dishonesty is unacceptable and is subject to a disciplinary response. See the Webster University Graduate Catalog for a complete description. The University reserves the right to utilize electronic databases, such as Turnitin.com, to assist faculty and students with their academic work.</p>
<b>Weekly Schedule</b>	<p><b>Pre-Assignments for Session 1:</b></p> <p>A) Prepare an opinion paper on one of the five following topics. Students should utilize outside reference sources, including a minimum of 5 sources and at least three from Webster University's Passports on-line library system, to provide factual foundation to support their argument. A reduction of one full letter grade will occur for failure to utilize the minimum number of reference sources. Papers should be <b>MINIMUM</b> 3-5 pages typed, double-spaced. <b>Also prepare Oral presentation which should be approximately five minutes.</b></p> <p><b>BE CERTAIN TO ADDRESS THE SPECIFIC ISSUE OF THE TOPIC YOU CHOOSE. <u>BE ABSOLUTELY CERTAIN THAT YOU INCORPORATE YOUR OPINION AS THE MAIN THEME.</u> ( I ultimately</b></p>

want to know what YOU conclude about the topic, not what your resources say)

1. Why and how has investment knowledge become increasingly more important to the individual?
2. Discuss the impact that the individual investor has on global financial markets.
  1. Discuss the impact that technology has had on the growth of global financial markets.
  2. Discuss the impact of geopolitical influences on US stock and bond markets.
  3. Discuss the influence of the Federal Reserve Board's actions as it relates to **both** the fixed income and equity markets.

B) Read Chapters 1, 2, &3

C) Prepare for discussion:

- Chapter 1- Problems 1 & 2
- Chapter 2- Problems 3, 6, 7, 13, 15 & 16
- Chapter 3- Problems 2, 5 &16

**Session 1**

**THEME: Introduction to Securities & Markets**

**Topics:**

- Introduction of course and instructor expectations
- Syllabus Review
- Introduction of students and their expectations
- Pre-assignment presentations and discussions
- Chapter 1- The Investment Environment
  - Chapter review and Problem discussion
- Chapter 2- Asset Classes & Financial Instruments
  - Chapter review and Problem discussion
- Chapter 3- How Securities are Traded
  - Chapter review and Problem discussion

**Assignments for Session 2:**

- Read Chapters 4 & 5
- Prepare for Submission and Discussion
  - Chapter 4- Problems 4, 5 8 &9
  - Chapter 5- Problem 1, 3 & 8

**Session 2**

**THEME: Portfolio Theory & Risk Assessment**

**Topics:**

- Current Event Review
- Chapter 4- Mutual Funds and Other Investment Companies

		<ul style="list-style-type: none"> <li>➤ Chapter review and Problem discussion</li> <li>• Chapter 5 - Risk &amp; Risk from Historical Records</li> <li>➤ Chapter review and Problem discussion</li> </ul> <p><b>Assignments for Session 3:</b></p> <ul style="list-style-type: none"> <li>• Prepare Current Event</li> <li>• Read Chapters 7 &amp; 9</li> <li>• Prepare for discussion &amp; review <ul style="list-style-type: none"> <li>➤ Chapter 7- Problems 14 &amp; 15</li> <li>➤ Chapter 9- Problems 3, 13-14 &amp; 17</li> </ul> </li> </ul>
	<b>Session 3</b>	<p><b>THEME: Equilibrium in the Capital Markets</b></p> <p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>• Chapter 7 – Optimal Risky Portfolios <ul style="list-style-type: none"> <li>➤ Chapter review and Problem discussion</li> </ul> </li> <li>• Chapter 9- Capital Asset Pricing Model <ul style="list-style-type: none"> <li>➤ Chapter review and Problem discussion</li> </ul> </li> </ul> <p><b>Assignments for Session 4:</b></p> <ul style="list-style-type: none"> <li>• <b>Complete Take-Home Exam 1: Chapters 1-5,7 &amp; 9</b></li> <li>• Read Chapter 14</li> <li>• Prepare for discussion &amp; review: <ul style="list-style-type: none"> <li>➤ Chapter 14- Problems 1-3 &amp; 25</li> </ul> </li> </ul>
	<b>Session 4</b>	<p><b>THEME: Fixed-Income Securities</b></p> <p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>• Chapter 14- Bond Prices &amp; Yields <ul style="list-style-type: none"> <li>➤ Chapter review and Problem discussion</li> </ul> </li> </ul> <p><b>Assignments for Session 5:</b></p> <ul style="list-style-type: none"> <li>• 2<sup>nd</sup> Research Paper – same requirements as pre-assignment Subject Matter: (details will be given in class)</li> <li>• Read Chapters 18 &amp; 19</li> <li>• Prepare for discussion &amp; review <ul style="list-style-type: none"> <li>➤ Chapter 18- Problems 3, 6 &amp; 17</li> <li>➤ Chapter 19 – Problems 13-17</li> </ul> </li> </ul>
	<b>Session 5</b>	<p><b>THEME: Equity Security Analysis</b></p> <p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>• Chapter 18- Equity Valuation Models <ul style="list-style-type: none"> <li>➤ Chapter review and Problem discussion</li> </ul> </li> <li>• Chapter 19- Financial Statement Analysis <ul style="list-style-type: none"> <li>➤ Chapter review and Problem discussion</li> </ul> </li> <li>• 2<sup>nd</sup> Research Paper Discussion</li> </ul>

		<p><b>Assignments for Session 6:</b></p> <ul style="list-style-type: none"> <li>• Read Chapter 20 &amp; 21</li> <li>• Prepare Current Event</li> <li>• Prepare for discussion &amp; review: <ul style="list-style-type: none"> <li>➤ Chapter 20- Problems 1, 2, 8 &amp; 12</li> </ul> </li> </ul>
	<p><b>Session 6</b></p>	<p><b>THEME: Financial Statement Analysis</b></p> <p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>• Chapter 20- Options Markets <ul style="list-style-type: none"> <li>➤ Chapter review and Problem discussion</li> </ul> </li> <li>• Chapter 21- Option Valuation <ul style="list-style-type: none"> <li>➤ Chapter review and Problem discussion</li> </ul> </li> </ul> <p><b>Assignments for Session 7:</b></p> <ul style="list-style-type: none"> <li>• <b>Take-Home Exam 2: Chapters 14 18 &amp; 19</b></li> <li>• Read Chapters 24 &amp; 25</li> <li>• Prepare for discussion &amp; review <ul style="list-style-type: none"> <li>➤ Chapter 24- Problems 1, 7 &amp; 14</li> </ul> </li> </ul>
	<p><b>Session 7</b></p>	<p><b>THEME: Evaluation &amp; Diversification</b></p> <p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>• Chapter 24- Portfolio Performance Evaluation <ul style="list-style-type: none"> <li>➤ Chapter review and Problem discussion</li> </ul> </li> <li>• Chapter 25 – Int’l Diversification <ul style="list-style-type: none"> <li>➤ Chapter review</li> </ul> </li> </ul> <p><b>Assignments for Session 8:</b></p> <ul style="list-style-type: none"> <li>• Prepare Final Paper</li> <li>•</li> </ul>
	<p><b>Session 8</b></p>	<p><b>THEME: Portfolio Management/Alt. Investments</b></p> <p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>• Final Paper Study Lab</li> </ul> <p><b>Assignments for Session 9:</b></p> <ul style="list-style-type: none"> <li>• Prepare Final Paper</li> <li>• <b>Take Home Final Exam Chapters 20-21 &amp; 24-25</b></li> </ul>
	<p><b>Session 9</b></p>	<p><b>THEME: Summary Overview and Case Presentations</b></p> <p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>• Turn in Final Exam</li> <li>• Final Paper Presentations</li> </ul>
<p><b>Additional</b></p>	<p>None</p>	

<b>Information</b>	
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Revised 12/3/08