

FISK UNIVERSITY  
DIVISION OF BUSINESS ADMINISTRATION

Syllabus

**FIN370 - Investments: Analysis and Management**

Fall 1998

Classes: M,W,F 10:40 - 11:50 am, PJ210

Instructor: Dr. Alfredo Cambronero

Office Hours: M,W 9:30-10:30 am & 1-2:30 pm, or by appointment

Office: PJ 119 - # 329-8573 or 329-8570

**Required Materials:**

Hirt, Geoffrey and Block, Stanley Fundamentals of Investment Management, 6th edition, Irwin, 1999.

The Wall Street Journal (subscription for 15 weeks required).

How to Read Between the Lines, A publication of the Wall Street Journal (Handout).

A financial calculator. Ex. Texas Instruments **BAll+** or Hewlett Packard **HP10B**, **HP17B**, or **HP19B** (I use Texas Instruments **BAll+** and I plan to use this model to solve financial problems in class).

**Course Description:**

This course was designed to provide the students with a basic, but solid, understanding of theoretical and practical issues related to investment management. This course deals with bond and stock markets, investment theory, analysis and valuation of securities, and a review of institutions and financial instruments available to investors.

Students will be required to work on several assignments designed to give them a more realistic view of the investment issues and to reinforce material presented in class. Thus, habitual absence or failure to do the homework will almost certainly lead to a poor grade.

**Overall Course Objective:**

To provide a comprehensive analytical survey of the investments field including market participants and securities, information sources, equity and bond valuation, issues on market efficiency, derivatives, portfolio theory and international financial markets.

**Specific Course Objectives:**

Upon completion of this course students should be able to:

1. Understand the general framework for investing.
2. Understand the basics for participating in the market, such as opening an account, executing an order, investing individually or through a mutual fund, etc.
3. Become acquainted with the major primary and secondary security markets in the U.S. and abroad.
4. Become familiar with sources of important investment information so that you can begin

- to make the university and the public libraries valuable assets.
5. Understand and apply the classic process of valuing a security, by examining the economy, looking at the industry and then analyzing the performance of the actual company.
  6. Understand the role of various investment vehicles from stocks, bonds and mutual funds to other less familiar alternatives such as convertible securities and warrants, derivative products, commodities and financial futures, stock indexes, international securities, and real assets.
  7. Understand basic portfolio theory and the role of risk and return in the investment decision process.
  8. Be able to go through the process of investing a given amount of money in a diversified portfolio and to keep track of the performance of that portfolio.
  9. Be able to make an oral presentation on the performance of an investment portfolio explaining (or at least attempting to explain) possible reasons for any abnormal return.
  10. Be acquainted with the basic use of Bloomberg, a computer-based information source that provides up to the hour news on stocks, financial markets, and the world.

### **Course Format:**

The course will be conducted in a manner that encourages class participation. Periodically, a student will be asked to lead a discussion on a timely issue in the investment community. The Wall Street Journal is a good source of material for such discussions. The topics will be chosen by the student but advance preparation is required.

Students are expected to review each chapter before they are covered in class. Homework assignments related to each chapter will be requested. Assignments must be completed on time. Failure to do so will result in a reduction of grade. Absence from class will not relieve you of your responsibility for the homework assignments.

Students will be asked to participate in the Iowa Electronic Market (IEM). This is a new and fast growing market administered by the University of Iowa and used mainly for educational purposes. IEM participant trade contracts related to political and economic events via telnet (information on this market is available in the Web at [www.biz.uiowa.edu/iem](http://www.biz.uiowa.edu/iem)). The contracts are real (each student will likely receive a \$5 balance to begin trading) and the gains or losses are for the student to keep. Thus, in addition to learning how trading take place in a realistic setting, students can make a little real money on the side (not bad uh?). Class time will be used to show the students how to start trading.

Students will also be required to carry out an investment project. For that project, each student will be responsible of investing one million dollars (of "imaginary" money of course -sorry!) into a wide range of financial instruments with any remaining balance earning a money market return. Each student will be asked to use the Wall Street Journal to keep track of the performance of his/her investment portfolio for 8 weeks. Based on his/her project, each student will be asked to prepare brief performance reports and to make an oral presentation to the class. Class time will be used to help students prepare for these tasks.

### **Course Outline:**

#### Part I: Introduction to Investments

The Investment Setting, Ch. 1

Security Markets: Present and Future, Ch. 2

Participating in the Market, Ch. 3

Sources of Investment Information, Ch. 4

Part II: Analysis and Valuation of Equity Securities

Economic Analysis, Ch. 5  
 Industry Analysis, Ch. 6  
 Valuation of the Individual Firm, Ch. 7  
 Financial Statement Analysis, Ch. 8

Part III: Issues in Efficient Markets

Technical Analysis and Market Efficiency, Ch. 9

Part IV: Fixed-Income and Leveraged Securities

Bonds and Fixed-Income Fundamentals, Ch. 11  
 Principles of Bond Valuation and Investment, Ch. 12

Part V: Derivative Products

Put and Call Options, Ch. 15  
 Commodities and Financial Futures, Ch. 16

Part VI: Other Relevant Investment Topics

International Securities Markets, Ch. 18  
 Mutual Funds, Ch. 19  
 Portfolio Management and Capital Market Theory, Ch. 21

**Examinations**

There will be quizzes, a mid-term examination and a final exam. Students will be required to prepare reports related to their investment projects. Other homework will be assigned throughout the semester and it will have a due date. Failure to complete the assigned work by the due date will result in a reduction of points.

**Grade Distribution**

Grade Distribution

96 – 100	A+	86 – 88	B+	75 – 77	C+	64 – 66	D+	54 or <	E
92 - 95	A	81 - 85	B	70 - 74	C	59 - 63	D		
89 - 91	A-	78 - 80	B-	67 - 69	C-	55 - 58	D-		

Final Course grade will be a weighted average of examinations, class participation, and homework grades as follows:

Investment Projects	20%
Assignments	10%
Class Participation	10%
Quizzes	10%
Mid-term	25%
Final	25%

**Attendance Policy**

Attendance is strongly encouraged and it is required in order to do well in this course. Students who miss more than twenty percent of the scheduled class meetings (9 sessions or more), must either withdraw from the course or will receive a failing grade. Students arriving after ten minutes from the scheduled time will forfeit their attendance for that class period.