



Richard E. & Sandra J. Dauch

COLLEGE OF
BUSINESS & ECONOMICS
ASHLAND UNIVERSITY

ASHLAND UNIVERSITY
CENTER FOR FINANCIAL EDUCATION
FIN 330: Principles of Investment
Fall 2010

ORGANIZATION:

Instructor: Thomas W. Harvey, DBA
Office: 103 Dauch
Hours: MWF 2P - 5P

Voice: 419-289-5229
E-Mail: tharvey@ashland.edu

Class: M 6:00P – 8:45P
Conard Foundation Center for Financial Education

PRE-REQUISITE:

FIN 328 - Fundamentals of Financial Management

READING MATERIALS:

Hirt, G. A. and Block, S.B. (2008). *Fundamentals of Investment Management*, 9th ed. New York: McGraw-Hill Irwin.

Nofsinger, J.R. *The Psychology of Investing*, 2nd ed. Upper Saddle River, NJ: Pearson Education, Inc., 2005.

Lynch, Peter. *One Up On Wall Street*. New York: Fireside Books, 2000.

Hagstrom, Robert G. *The Warren Buffett Way*, 2nd ed. Hoboken, NJ: John Wiley & Sons, 2005.
Articles, as assigned

OTHER MATERIALS - Highly Recommended

Financial calculator - HP or Texas Instruments

Computer access to spreadsheet and word processing programs

COURSE DESCRIPTION:

An introduction to the analysis of investment in financial assets, both in an individual and a portfolio context; the characteristics and evaluation of specific investment vehicles.

Course Objectives

To introduce the student to the fundamentals of investment management. This includes the various tools used to determine the value of a particular investment instrument and the criteria and selection of various investments given particular financial objectives. Each student should gain a basic understanding of investment choices and how they can be applied.

COURSE COMPETENCIES:

- A. College of Business
 - 1. Specialized business knowledge
 - 2. Managerial thinking skills
 - a. Logical thinking
 - b. Conceptual thinking
 - c. Application of theories and concepts to managerial problems and solutions
 - 3. Communication
- B. Department of Finance
 - 1. Interpersonal skills
 - 2. Tact and diplomacy
 - 3. Ethics
- C. FIN 330 - Principles of Investment
 - 1. Communication
 - 2. Efficiency orientation
 - 3. Diagnostic use of concepts

COURSE GUIDELINES:

- A. STATEMENT ON PLAGIARISM (AU Student Handbook, 1997 - 99, pp. 48 - 51):

Plagiarism is the intentional or unintentional presentation of someone else's words, ideas, or data as one's own work. In the event the faculty member deems the plagiarism is unintentional, he/she shall typically require the student to rewrite the assignment. In the event the faculty member believes the plagiarism is willful, the sanctions in the handbook will apply, including documentation of the circumstance for inclusion in the student's personal file. If the work of another is used, acknowledgment of the original source must be made through a recognized reference practice, and, if verbatim statements are included, through quotation marks as well. To assure proper crediting, a student will acknowledge the work of others:

- A. Whenever one quotes another person's actual words.
- B. Whenever one uses another person's idea, opinion, or theory, even if it is completely paraphrased in one's own words.
- C. Whenever one borrows facts, statistics, or other illustrative materials -- unless the information is of such common knowledge as not to be questioned.

A grade of "0" will be given on any assignment for which plagiarism has been established.

For additional information on academic integrity, see Student Handbook, 1997 - 99, pp. 48 - 51.

B. CLASSROOM SUPPORT:

For any students who have specific physical, psychiatric, or learning disabilities and who require special accommodations, please let me know early in the semester so that your learning needs can be met appropriately. It is your responsibility to provide documentation of your disability to:

Classroom Support Services
Ms. Suzanne Salvo
Office: 105 Ams, (419) 289-5904
E-Mail: ssalvo@ashland.edu

C. CLASS POLICIES:

1. Class attendance and class participation beyond mere physical presence are essential for maximum educational advantage and are strongly encouraged. Responsibility for all course material rests *entirely with the student*, whether or not he or she attends each class.
2. Students are responsible for all assignments and any notes you miss when absent. In fact, if you miss a class, the chances are excellent that I will call on you in the next class. Get someone's phone number and e-mail address now.
3. Excessive absences will be noted and the proper authorities notified according to Ashland University policy. However, I plan to present material that you cannot afford to miss.
4. If you are having problems with the course, please seek counseling early. Failure to do so only compounds problems later.
5. It is the prerogative of the instructor to administer unannounced quizzes as part of the student evaluation process and to pass judgment on the merits of all cases involving class requirements missed by the student.
6. Cheating of any kind will result in an automatic "F" and dismissal from the class in accordance with the procedures outlined in the *Ashland University Student Handbook*.
7. As a rule, the format of the class will feature dialogue between all participants. There will be some lecture, but, for the most part, it will be very participative. That means an emphasis on preparation. Students will also be expected to ask questions about issues and subjects about which they are unclear.

8. There will no food or drink in the Trading Room. The use of cellular telephones is also prohibited.

D. TEST POLICIES:

1. Students are expected to take exams on the assigned dates. To be officially excused from an exam, your death or terminal illness must be reported to me or to the department's main office (419-289-5210) PRIOR to the examination by note, letter, or telephone.

2. On all exams, students must show all work. Simply giving the "one-figure" answer will result in points being deducted from your grade.

3. Partial credit is possible, but only at the professor's discretion. Any "debates" over partial credit will result in automatic elimination of partial credit and/or loss of extra points.

4. Use of computer is required.

5. Students must provide their own calculators. No sharing is allowed at test time.

E. PROJECT POLICIES:

1. Teams of three or four students will be responsible for a group project, developing and implementing a portfolio analysis. This will involve selection of financial goals and strategies, choice of investment vehicles, rationale for the plan, application of strategies discussed in class, and tracking performance through the semester. This assignment begins on Day 1 and will be the subject of a presentation to the rest of the class during the week of December.

2. Collaboration is encouraged. In each presentation, each student will be expected to participate in the explanation of the analysis.

3. It is expected that PowerPoint or other suitable visual aids will be utilized in the presentations.

4. Time will be spent in class to prepare students on the way to accomplish this assignment successfully.

E. STUDENT RESPONSIBILITIES

1. Students will be responsible for all assignments, taking exams, participating in the project, and all notes.

ASSESSMENT OF COMPETENCIES / EVALUATIVE CRITERIA:

Evaluating Criteria

	Points
Portfolio Analysis	300
Exams	300
Homework (22 @ 25 each)	600
Written assignments	300
Total	1,500

Students earn their grades. Students will not be given credit so that they may pass, graduate, or earn corporate reimbursement. No curve is anticipated. Letting the professor know that “the student needs a specific grade” will only reinforce strict adherence to these evaluating criteria.

This course is designed to help the student learn and become proficient in the fundamentals of investment management. It is assumed that this is the objective of each student in the class and that each one wants to learn, otherwise s/he would not be enrolled. This is to be a worthwhile learning experience for all participants.

Scale

A	100 - 92	B-	81 - 80	D+	69 - 68
A-	92 - 90	C+	79 - 78	D	67 - 62
B+	89 - 88	C	77 - 72	D-	61 - 60
B	87 - 83	C-	71 - 70	F	59 - less

TENTATIVE COURSE SCHEDULE¹

WEEK	ASSIGNMENT
1	Introduction Chapter 1: The Investment Setting Chapter 2: Security Markets: Present and Future <i>One Up on Wall Street</i>

¹ The schedule and the assignments are subject to revision should there be good reason. I will reserve the right to make any such changes and will make them known in class at least a week before they take effect.

- 2 Chapter 3: Participating in the Market
One Up on Wall Street
- 3 Chapter 4: Sources of Investment Information
Chapter 5: Economic Activity
One Up on Wall Street
- 4 Chapter 6: Industry Analysis
Chapter 21: A Basic Look at Portfolio Management
- 5 Chapter 22: Measuring Risks and Returns of Portfolio Managers
The Psychology of Investing
- 6 Chapter 7: Valuation of the Individual Firm
The Psychology of Investing
Exam #1 - Take Home
- 7 Chapter 18: Mutual Funds
The Psychology of Investing
- 8 Chapter 8: Financial Statement Analysis
Chapter 9: A Basic View of Technical Analysis
The Psychology of Investing
- 9 Chapter 10: Efficient Markets and Anomalies
- 10 Chapter 11: Bond and Fixed Income Fundamentals
Chapter 12: Principles of Bond Valuation and Investment
The Warren Buffett Way
Exam #2 – Take Home
- 11 Chapter 14: Convertible Securities and Warrants
The Warren Buffett Way
- 12 Chapter 15: Put and Call Options
The Warren Buffett Way
- 13 Chapter 16: Commodities and Financial Futures
- 14 Chapter 17: Stock Index Futures and Option
- 15 Chapter 19: International Securities Markets
Chapter 20: Investments in Real Assets
Exam #3 - Take Home
- 16 Project Presentations

INSTRUCTION ON PROJECTS/EXAMS, ETC.

FIN 330 Assignments

All assignments must be typed (double-spaced), according to in business format, not according to APA guidelines. Ragged-edged paper, such as paper torn out of a notebook, or handwritten material will not be accepted. All financial statements will be computer-generated. Web Exercises questions will be prepared via computer as well.

In that “communication skills” are a core competency of the College of Business and Economics, the focus of grading will not only be the quantitative and technical part of investment analysis. There will be an equal emphasis on your presentation and writing skills. It will also be important to participate in class, demonstrating verbal communication skills.

Late Work

Assignments handed in late are penalized 20%. Assignments are due at the beginning of each class. Any not turned in during the first hour of class will be given no credit.

Portfolio Analysis - 300 points (Team Project)

StockTrak Simulation - Teams of students will engage in an investment simulation in which they will identify objectives and strategies and then choose a portfolio by which to achieve them, potentially. The teams will engage in long and short sales of common equities, purchases of bonds and options, and development of a journal which contains entries documenting investment activity.

Deadline for selection is September 15. A tracking method is also to be in place. During the semester, teams are encouraged to sell securities as long as the reason is well justified and to buy securities as long as the investment criteria are met.

During the last week of the semester, each team will make a 30 minute PowerPoint presentation as to the performance of their portfolios. Each presentation will consist of the justification for the securities being held, any sells or buys that have been made, resulting performance, and a comparison against the objectives and strategies that were chosen at the beginning of the term.

Homework- 22 @ 25 points each with a 25 point bonus for completing all assignments

Due	Chapter	Questions
Week 2	1	Problems 1 – 4 Web Exercise
	2	Web Exercise

Due	Chapter	Questions
Week 3	3	Problems 7, 11, 12, 13 Web Exercise
Week 4	4	S&P Problems
	5	Web Exercise S&P Problems
Week 5	6	Web Exercise S&P Problems
		Paper Due
Week 6	21	Problems 1 – 5 Web Exercise
Week 7	22	Problems 1 - 3 Web Exercise
		Exam Due
Week 8	7	Problems 2, 3, 4, 17, 18 Web Exercise
Week 9	8	Problems 1, 10, 12, 13 Web Exercise
	9	S&P Problems
Week 10	10	Questions 1, 5, 14, 18 Web Exercise

Due	Chapter	Questions
Week 11	11	Problems 1, 4, 6, 12 Web Exercise 1, 2
	12	Problems 1, 4, 7, 11, 12 S&P Problems
		Paper Due
Week 12	14	Problems 1, 4, 7, 8 S&P Problems Exam Due
Week 13	15	Problems 3, 4, 6 Web Exercise
Week 14	16	Problems 1, 3, 5, 9 Web Exercise
Week 15	17	Problems 1, 2, 3, 5 Web Exercise
Week 16	19	Problems 1, 2, 3 S&P Problems
	20	Problem 1 Paper Due
Week 17		Exam Due

Examinations - 3 @ 100 each

There will be three exams as noted elsewhere in this syllabus. The most common format will be multiple choice with some short essays and problems. These exams are open-book and open-note, but will be rigorous.

One Up On Wall Street - 100 points

We will read *One Up on Wall Street* by Peter Lynch in addition to our text and will discuss the concepts and strategies that the author suggests. Each student will choose one concept/strategy to develop further in a 3 to 5 page paper. Students will apply what they have learned in *One Up On Wall Street* to their understanding of the securities markets in general and to their portfolios, specifically.

The Warren Buffett Way - 100 points

We will also read *The Warren Buffett Way* and will have dialogue about the greatest investor of all time. Each student will choose an area of interest and will develop it in another 3 to 5 page paper.

The Psychology of Investing - 100 points

We will also study *The Psychology of Investing* and will contrast Nofsinger's concepts with those advanced by Jordan and Miller. Each student will choose an area of interest and will develop it in another 3 to 5 page paper.