

Investments

Finance 3315 ~ Spring 2008

Lecture: T/R 12:00 - 1:20 pm

Room: BUSN 319

Office hours: T/R 10:30 - 12:00 am
or by appointment

Professor Bill Elliott

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*“Education is what you remember after you’ve forgotten everything you learned.”
“The end depends on the beginning”*

UNDERGRADUATE CATALOG COURSE DESCRIPTION

Introduction to the analysis of investment media, means of purchasing and selling securities, and personal investment decision-making. Emphasis is given to determinants of growth, safety, and income and to problems involved in achieving objectives. Prerequisite: FIN3310.

COURSE OBJECTIVES AND GOALS

The objective of this course is to familiarize the student with the investment environment, including security characteristics, security markets, and participants. We will also explore stock analysis and valuation, fixed-income instruments, and Modern Portfolio Theory (MPT) After successfully completing this course, students should at a minimum:

1. Be able to differentiate between different types of securities
2. Understand the operation of the stock market and how securities are traded
3. Understand the relationship between risk and return
4. Be able to describe an efficient portfolio
5. Have a basic understanding of pricing theory and efficient markets
6. Be able to conduct a thorough security analysis
7. Have a basic understanding of bond portfolio management

REQUIRED READINGS:

1. Jordan Bradford D. and Thomas Miller, Fundamentals of Investments: Valuation and Management, Fourth Edition, McGraw-Hill Irwin, 2008.
2. The Wall Street Journal: I will assign some specific articles from the WSJ and I also expect that you generally read the Journal on at least a weekly if not daily basis.
4. Additional materials will be posted on WebCT as needed.

SUPPLEMENTAL READINGS:

1. The Financial Times, available in the library and online (www.ft.com).
2. Other financial press, Investors Business Daily, Forbes, Fortune, Barron's
3. Other resources available on reserve as needed.

PREREQUISITES:

1. You must have successfully completed Business Finance (FIN 3310) in a **prior** semester. Concurrent enrollment in FIN 3310 is not acceptable. Anyone who has not completed either FIN 3310 should speak with me during to the end of the first week of class. If your finance coursework is several semesters old, I expect that you will refresh yourselves on

basic concepts such as time value of money, CAPM, diversification and efficient market hypothesis.

2. If your math skills are a bit rusty, it is up to you to review these techniques early in the semester (please see me for some suggestions for review). I also expect that you have good spreadsheet skills.

GRADING POLICY:

Readiness Assessment Tests. . . .	200 points
Midterm/Final Exam.	450 points
Homework.	100 points
Security Analysis.	200 points
WSJ Challenge.	50 points

A.	895 points and above
B.	795 - 894 points
C.	695 - 794 points
D.	595 - 694 points
F.	594 points and below

ATTENDANCE AND OFFICE HOURS:

Regular attendance is highly recommended. Please feel free to contact me either by phone, e-mail, or in person if you have any questions regarding the course. Although I have stated office hours, if ever you need to talk to me outside those times I encourage you to call and make an appointment. Please make use of WebCT to ask more straight forward questions.

READINESS ASSURANCE PROCESS:

The Readiness Assurance Process (RAP) is a tool to enrich your learning experience. In a nutshell, RAP includes: 1) individual study, 2) individual exam, 3) group exam, 4) written appeals, 5) instructor feedback, and 6) application-oriented activities. Additional details will be provided on the first day of class.

EXAMS:

There will be one mid-term exam and a final exam. The mid-term will cover material from Sections 1 and 2. The final will cover material from sections 3 and 4. The exams may include essays, short answers, matching, problems, and multiple choice questions. A large percentage of the exam will be application oriented. **A MAKE-UP EXAM WILL ONLY BE GIVEN FOR REASONS APPROVED BY THE INSTRUCTOR IN ADVANCE** (the make-up exam will be composed entirely of essay questions and problems and will be taken during dead week).

HOMEWORK:

A portion of this grade will be for regularly assigned homework problems from the back of each chapter. Homework is due at the beginning of the class period on the due date. **NO LATE HOMEWORK WILL BE ACCEPTED.**

TEAM PROJECTS

Teams of six-seven students will be formed near the beginning of the semester. Each team will be responsible for completing the following assignments.

READINESS ASSURANCE PROCESS:

This process is a learning enrichment and team building tool. More details will be made available in class.

SECURITY ANALYSES:

During the semester each team will produce at least two (2) security analyses. Additional details will be provided later in the semester.

WSJ CHALLENGE

I will regularly assign one or two recent articles from the Wall Street Journal. They will be posted on WebCT by 2pm on the day prior to class (eg. by 2pm Monday for Tuesday class or 2pm on Wednesday for Thursdays class). You will be responsible for reading the article and should be prepared to present a summary of the article in front of class and lead a discussion of the topic. I will select a student at random to present each article.

The point of this exercise is to teach you how to read the WSJ and to bring some current events into the curriculum. Discounted subscriptions (including on-line access) can be purchased or you may buy individual copies, or the WSJ is available for free through the library (see On-line databases, look for Wall Street Journal).

E-MAIL PROTOCOL

Due to the tremendous amount of junk mail that appears in my university e-mail account, you will need to follow this protocol if you want a timely response to your e-mail. When creating the e-mail be sure to include in the Subject Line "FIN5316" (I will filter my incoming mail for this phrase and will only respond to those that have FIN5316 in the subject line). Also please include a salutation (i.e. Dear Dr. Elliott), and close with your name (if your question may require detailed explanation, also include your phone number).

DISABILITIES:

If you feel you may have a disability that requires accommodations, contact the Disabled Student Services Office at 747-5148, go to the Union Bldg., East, Room 106, or e-mail-dss@utep.edu

UTEP POLICY ON ACADEMIC INTEGRITY:

The University of Texas at El Paso prides itself on its standards of academic excellence. In all matters of intellectual pursuit, UTEP faculty and students must strive to achieve excellence based on the quality of work produced by the individual. In the classroom and in all other academic activities, students are expected to uphold the highest standards of academic integrity. Any form of scholastic dishonesty is an affront to the pursuit of knowledge and jeopardizes the quality of the degree awarded to all graduates of UTEP. It is imperative, therefore, that the members of this academic community understand the regulations pertaining to academic integrity and that all faculty insist on adherence to these standards.

Any student who commits an act of scholastic dishonesty is subject to discipline. Scholastic dishonesty includes, but is not limited to, cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give unfair advantage to a student or the attempt to commit such acts. Proven violations of the detailed regulations, as printed in the Handbook of Operating Procedures (HOP), and are available in the Office of the Dean of Students, and the homepage of the Dean of Students (DOS) at www.utep.edu, may result in sanctions ranging from disciplinary probation, to failing grade on the work in question, to a failing grade in the course, to suspension or dismissal, among others.

OTHER NOTES:

** All cell phones, pagers, and other messaging devices must be turned off before entering the classroom. This rule will be strictly enforced.

** There will be no extra credit or make-up work to improve your grade. You must do well on each exam, at the scheduled time, to get a good grade. This means that it will be to your advantage to keep up with the reading and attend class.

** No begging, pleading, or whining is allowed. If you need some grade to graduate or keep your financial aid, you must earn it!

SYLLABUS

Week	Readings:	Topics:
<i>Introduction</i>		
Week 1 - January 15 January 17	JM 1	Introduction to the course and classroom method "A Brief History of Risk and Return"
<i>Buying and Selling Securities / Security Types / The Stock Market</i>		
Week 2 - January 22 January 24	Readiness Assessment Test 1	RAT JM 2, 3, 5 Focused lecture/ Discussion
Week 3 - January 29 January 31	JM 2, 3, & 5	Focused lecture/ Discussion Applications
Week 4 - February 5 February 7	JM 2, 3, & 5	Applications
Week 5 - February 12 February 14	JM 2, 3, & 5	Applications
<i>Common Stock Valuation / Stock Price Behavior and Market Efficiency</i>		
Week 6 - February 19 February 21	Readiness Assessment Test 2	RAT JM 6 & 7 Focused lecture / Discussion
Week 7 - February 26 February 28	JM 6 & 7	Focused lecture / Discussion Applications
Week 8 - March 4 March 6	JM 6 & 7	Conclude Applications
Week 9 - March 11 March 13	JM 6 & 7 Midterm	MIDTERM EXAM (Chaps 1-3, 5-7)
<i>Interest Rates and Bond Valuation</i>		
Week 10 - March 18 March 20	Review Exam/ Discuss Security Analysis Project Readiness Assessment Test 3	RAT JM 9 & 10
Week 11 - March 25 March 27	No Class	Spring Break
Week 12 -April 1 April 3	JM 9 & 10	Focused lecture / Discussion Applications
Week 13 -April 8 April 10	JM 9 & 10	Applications
<i>Modern Portfolio Theory / Behavioral Finance</i>		
Week 14 -April 15 April 17	JM 9 & 10 Readiness Assessment Test 4	Applications RAT JM 8, 11, & 12
Week 15 -April 22 April 24	JM 8, 11, & 12	Focused lecture / Discussion Applications
Week 16 - April 29 May 1	JM 8, 11, & 12	Applications Security Analysis Presentation
Finals Week - May 5-9		FINAL EXAM (Chaps 9-12) May 6 (Tues) 1pm - 3:45 pm

The above is the tentative syllabus. I reserve the right to make any changes to the syllabus during the semester as required.