

Finance
Course Number: 22:390:603
Course Title: Investment Analysis & Management

COURSE DESCRIPTION

This course will focus on the fundamentals and application of financial theory as they apply to the issues and challenges of investment management. Students will develop a strong understanding of Equities, Fixed Income, Options and other financial instruments.

The curriculum includes a rigorous development of the theory and practice of valuation, which is the core discipline of security analysis & selection. To pull it all together, it goes on to explore the theory and application of portfolio theory to round out the tools practitioners use within the profession.

The learning experience in this class will embrace group exercises along with presentations to your peers to help develop persuasion and communication skills.

COURSE MATERIALS

<p><u>Required Textbook:</u></p>	<p>Investments by Bodie, Kane, and Marcus, 11th Edition McGraw-Hill/Irwin, ISBN 978-1-259-27717-7 Be sure to purchase A <i>McGraw Hill Connect subscription</i> for this book. You can find the instructions for how to link to Connect in this video link: https://www.youtube.com/watch?v=RNeEnwU2QVw&feature=youtu.be You will find the online homework in the assignments folder in Canvas</p>
<p><u>Lecture Notes:</u></p>	<p>Slides will be posted on the course website before each class that covers the material. Check Canvas (canvas.rutgers.edu) and your official Rutgers email account regularly.</p>
<p><u>Reference Textbook:</u></p>	<p>(1) Quantitative Analytics in Debt Valuation & Management By Mark W. Guthner, CFA, McGraw-Hill 2012 ISBN 978-0-07-179061-1 (2) The Options Edge By Michael C. Khouw & Mark W. Guthner, CFA, Wiley & Sons ISBN 978-1-11-921241-6</p>

<u>Calculator</u>	<p>A <i>non-programmable financial calculator</i> is necessary. Any financial calculator admissible on the CFA exams is acceptable. RBS recommends the Texas Instruments BA II Plus or Professional (for \$28-\$40). Please have your calculator with you at all lectures, starting our next lecture.</p> <p>http://www.screencast.com/users/Quartic_Training/folders/TI%20BA%20II%20PLUS%20calculator%20tutorial/media/e31b353c-26db-459d-9de4e7ec10d7e5d5</p> <p>I will be using an HP 12c</p>
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Students are encouraged to stay in touch with the financial press and stay connecting to what is happening the marketplace. If you have questions, be sure to raise them in class.

LEARNING GOALS AND OBJECTIVES

This course addresses the fundamental question of what to do with savings. By the conclusion of this course the student should be able to demonstrate an advanced level of knowledge of stocks, bonds and derivative instruments. You will be able to value these instruments and understand their use in a diversified portfolio.

The second element of this class is concerned with portfolio construction and management. The owner or controlling interest of a pool of assets may be an individual or an institution such as a mutual fund, ETF, pension or endowment. The portfolio management question is concerned with identifying and applying the appropriate strategy to maximize returns, while minimizing the risk of falling short of one's goals.

Students will develop these skills and acquire knowledge through the following activities.

- Classroom discussion
- Self-study
- Homework/Practice Sets
- Group Exercises (Securities Analysis, Portfolio Construction)
- Personal Financial Plan

PREREQUISITES

Students should have completed a financial managing course. The class pre-requisite is Financial Management (33:390:300) or Financial Management for Finance Majors (33:390:310)

ACADEMIC INTEGRITY

I do NOT tolerate cheating. Students are responsible for understanding the RU Academic Integrity Policy (<http://academicintegrity.rutgers.edu/>)

I will strongly enforce this Policy and pursue *all* violations. On all examinations and assignments, students must sign the RU Honor Pledge, which states, "On my honor, I have neither received nor given

any unauthorized assistance on this examination or assignment.” I will screen all written assignments through *SafeAssign* or *Turnitin*, plagiarism detection services that compare the work against a large database of past work. Don’t let cheating destroy your hard-earned opportunity to learn. See business.rutgers.edu/ai for more details.

ATTENDANCE AND PREPARATION POLICY

- Class attendance is mandatory. Students are expected show up on time and stay until the end of class. A record of attendance will be taken during the class. **It is your responsibility to sign-in.** Do not sign in for friends. This is a violation of the schools Code of Ethics. If you are absent, late or leave class early several times, expect it to adversely affect your class participation grade.
- Complete all background reading and assignments and be prepared to engage in class discussions, ask questions on readings, etc. Two way dialog is an important part of the learning process.
- If your absence is due to religious observance, a Rutgers-approved activity, illness, or family emergency/death, seek an excused absence from the Dean’s office. Report your valid absence in advance at <https://sims.rutgers.edu/ssra/>. Only absences excused by the Deans office will be allowed.
- For weather emergencies, consult the campus home page. If the campus is open, class will be held.

If for some reason I am unable to attend class (illness?), I will send you an email and post an announcement on Canvas as far in advance as possible.

CASE ASSIGNMENTS

(1) **Company Report:** During the semester we will break up the class into groups of 4-6 people who will research a publicly traded company that has both debt and equity securities outstanding. Your deliverable is a report (4 to 8 pages) that will be graded and a presentation to the class. You should limit that presentation to about 10 minutes. Reports should include as a minimum fundamental analysis of the company made up of the following:

- Competitive position
- Impact of current events
- Valuation analysis of both the debt and equity
- Analysis and commentary of the financial statements
- Basic Capital Structure Review

Be sure to include anything you think is unique and relevant to add additional value to your group’s analysis. Or

(2) **Portfolio Construction:** Each group will be assigned a portfolio management role to play. The situation may be one that solves the investment challenge of an individual or an institution. The team will consider, investment horizon, risk tolerance, funding, expected cash inflows and outflows, liquidity requirements and any other appropriate factors to construct an asset allocation made up of mutual funds, ETF and any other security the team deems appropriate.

CLASSROOM CONDUCT

Class participation and respect for other students is critical to the learning process. To facilitate class participation and the learning process:

- **Bring your name card and display during every class.**
 - Turn off cell phones. Do not use your laptop for anything other than classroom work (i.e. no emailing, chat, web browsing)
 - Be engaged. Participation is required and essential to the quality and depth of your learning. A prepared the class, will drive a lively the discussion, improving the educational experience for everyone.
 - Expect to be “cold-called.” It keeps students engaged and indicates to instructor the level of understanding of materials currently being discussed/presented.
 - Non-alcoholic beverages are permitted.
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EXAM DATES AND POLICIES

You should bring a non-programmable calculator to the exam. *The calculator cannot be a smartphone or any other device capable of connecting to the Internet. These items are STRICTLY forbidden, and the use of such use will constitute academic dishonesty.*

During exams, the following rules apply:

- You must take your seat according to the seating plan when you take a test.
- If you have a disability that influences testing procedures, provide me an official letter from the Office of Disability Services at the start of the semester.
- Use the bathroom prior to the exam start; bathroom breaks, if essential, will be escorted.
- Your exam will not be accepted unless you sign the Honor Pledge.

Makeup Examinations

The Office of the Dean of Students handles requests from students unable to take their examinations at the time scheduled on account of documented illness or other extenuating circumstances (such as a death or other family emergency, or conflict with a religious holiday). In such cases a student should contact the Office of the Dean of Students at the earliest available time. In these instances, the Dean’s role is to verify documentation of the student’s situation.

In the case of a missed exam, Professor reserves the right to either reschedule or simply weight the other exams more heavily.

GRADING POLICY

The following activities will contribute to the determination of a final grade:

Activity	Points
Class Participation	10%
Connect Score (Homework)	10%
Group Case Assignments	10%
Personal Financial Plan	10%
Mid-Term Exam 1	25%
Mid-Term Exam 2	25%
Final Exam	10%

Extra Credit work is *NOT* accepted.

The school, department and employers are concerned with grade inflation. To address this issue, the department and has established grading guidelines for our undergraduate courses. The guideline specifies that the average grade should fall between 2.95 and 3.15 (where A=4, A-= 3.67, B+=3.33, B=3, B-=2.67, C+=2.33, C=2, C-=1.67, D=1 and F=0).

Extra Credit work is *NOT* accepted. **Grades are non-negotiable.** Performance necessary to graduate or pursue a particular major is not a relevant consideration for grade determination. Plan your overall coursework strategy consistent with your ability to perform.

COURSE SCHEDULE

	Chapter	Subject
1	1	Introduction, Background Issues
2	2	Asset Classes & Financial Instruments
	3	Securities Markets
3	4, 26	Mutual Funds, Investment Companies, Hedge Funds Liability Based Investing, Project Primer
4	14 & 15	Bond Prices & Yields
	16	Managing Bond Portfolios
5		Bloomberg Presentation
		Midterm Exam #1
6		Midterm Review
	9 & 10.4 – 10.5	Capital Asset Pricing Model, Multi-Factor Models
7	5 & 6.2-6.4, 6.6	Risk & Return

	7 & 8	Portfolio Theory
		NO CLASS
8	11 18	Efficient Market Hypothesis Equity Valuation
9	20 21	Option Markets Black-Scholes Option Valuation Model & Greeks
10	21 21	Directional Option Trading Strategies Volatility Trading
		Midterm Exam #2
11	28	Investment Policy & Process Economics Review: Henry Hazlett, Economics in One Lesson
12	12	Behavioral Analysis Socionomic Video
13		Final Exam:

Henry Hazlett's Economics in One Lesson (Requires a Free Sign-up)

https://archive.org/details/economics_in_one_lesson_hazlett

SUPPORT SERVICES

If you need accommodation for a *disability*, obtain a Letter of Accommodation from the Office of Disability Services. The Office of Disability Services at Rutgers, The State University of New Jersey, provides student-centered and student-inclusive programming in compliance with the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Amendments of 2008, Section 504 of the Rehabilitation Act of 1973, Section 508 of the Rehabilitation Act of 1998, and the New Jersey Law Against Discrimination. More information can be found at ods.rutgers.edu.

[Rutgers University-New Brunswick ODS phone (848)445-6800 or email dsoffice@echo.rutgers.edu]

[Rutgers University-Newark ODS phone (973)353-5375 or email ods@newark.rutgers.edu]

If you are *pregnant*, the Office of Title IX and ADA Compliance is available to assist with any concerns or potential accommodations related to pregnancy.

[Rutgers University-New Brunswick Title IX Coordinator phone (848)932-8200 or email jackie.moran@rutgers.edu]

[Rutgers University-Newark Office of Title IX and ADA Compliance phone (973)353-1906 or email TitleIX@newark.rutgers.edu]

If you seek **religious accommodations**, the Office of the Dean of Students is available to verify absences for religious observance, as needed.

[Rutgers University-New Brunswick Dean of Students phone (848)932-2300 or email deanofstudents@echo.rutgers.edu]

[Rutgers University-Newark Dean of Students phone (973)353-5063 or email DeanofStudents@newark.rutgers.edu]

If you have experienced any form of **gender or sex-based discrimination or harassment**, including sexual assault, sexual harassment, relationship violence, or stalking, the Office for Violence Prevention and Victim Assistance provides help and support. More information can be found at <http://vpva.rutgers.edu/>.

[Rutgers University-New Brunswick incident report link: <http://studentconduct.rutgers.edu/concern/>. You may contact the Office for Violence Prevention and Victim Assistance at (848)932-1181]

[Rutgers University-Newark incident report link: https://cm.maxient.com/reportingform.php?RutgersUniv&layout_id=7 . You may also contact the Office of Title IX and ADA Compliance at (973)353-1906 or email at TitleIX@newark.rutgers.edu. If you wish to speak with a staff member who is confidential and does **not** have a reporting responsibility, you may contact the Office for Violence Prevention and Victim Assistance at (973)353-1918 or email run.vpva@rutgers.edu]

If students who have experienced a temporary condition or injury that is adversely affecting their ability to fully participate, you should submit a request via <https://temporaryconditions.rutgers.edu>.

If you are a military **veteran** or are on active military duty, you can obtain support through the Office of Veteran and Military Programs and Services. <http://veterans.rutgers.edu/>

If you are in need of **mental health** services, please use our readily available services.

[Rutgers University-Newark Counseling Center: <http://counseling.newark.rutgers.edu/>]

[Rutgers Counseling and Psychological Services–New Brunswick: <http://rhscaps.rutgers.edu/>]

If you are in need of *physical health* services, please use our readily available services.

[Rutgers Health Services – Newark: <http://health.newark.rutgers.edu/>]

[Rutgers Health Services – New Brunswick: <http://health.rutgers.edu/>]

If you are in need of *legal* services, please use our readily available services: <http://rusls.rutgers.edu/>

Students experiencing difficulty in courses due to *English as a second language (ESL)* should contact the Program in American Language Studies for supports.

[Rutgers–Newark: PALS@newark.rutgers.edu]

[Rutgers–New Brunswick: eslpals@english.rutgers.edu]

If you are in need of additional *academic assistance*, please use our readily available services.

[Rutgers University-Newark Learning Center: <http://www.ncas.rutgers.edu/rlc>

[Rutgers University-Newark Writing Center: <http://www.ncas.rutgers.edu/writingcenter>]

[Rutgers University-New Brunswick Learning Center: <https://rlc.rutgers.edu/>]

[Optional items that many faculty include:

- Students must sign, date, and return a statement declaring that they understand the RU Academic Integrity Policy.

- Students must sign, date, and return a statement declaring that they understand this syllabus.]