

**FIN 400
PRINCIPLES OF INVESTMENTS
FALL 2013**

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Mobile: (903) 468-2067

Office Hours: M T 11:30 - 2 (Commerce)

Office: BA 132C

E-mail: Kurtay.Ogunc@tamuc.edu

Class Location: BA 256

Meeting Times: Mondays 2 - 4:30

Departmental Policy: You have to e-mail me from your MyLeo accounts to get a reply, please include the course title in the subject!

Course Description:

Introduction to the basic principles of investing in debt and equity securities which includes: the study of the behavior of securities markets; mechanics of security analysis and investing; economic effects on prices resulting from dynamic political, social and regulatory influences on the financial environment.

Pre-requisites:

FIN 304, Introduction to Business Finance

Required Textbooks:

Running Money: Professional Portfolio Management, 11th edition, Scott D. Stewart, Christopher D. Piros, Jeffrey C. Heisler, 2011, McGraw Hill, ISBN: 9780073530581

TEACHING PROCEDURES

The class will be conducted in a lecture/discussion format. Be prepared to discuss and ask questions about the material assigned for each class period. This will require that you *read the material prior to the class period* during which it will be discussed. Although many of the issues covered in the readings will be discussed in class, all the areas covered in the readings will not be part of class discussion. You are encouraged to participate in class. Participation is based on volunteering for class activities and exhibiting a positive attitude, demonstrated by attentive, courteous, and respectful behavior at all times. The nature of this course encourages an interactive forum, and everyone has something valuable to contribute. Disruptive or rude behavior will not be tolerated.

EXAMS & PROJECT

There will be three exams and a term project. Please see the course outline for the exam dates and the chapters covered. Requirements for the term project will be discussed after I get familiar with each student. The purpose is for you to get engaged in some serious research on practical matters of portfolio management. If you have any ideas (after all this is your major!), please share with me during the first couple of weeks. To that end, you could start reading Barron's and/or watch CNBC/Bloomberg in your spare time to come up with something you like to do. There will be no "cheat sheets" allowed during the exams unless otherwise noted by the instructor. **No makeup exams will be given** unless for a university allowed excused absence. For an excused absence, the make-up exam will be administered prior to the scheduled exam. If you need to miss an exam for an excused absence let me know in advance so we can make arrangements. **Anyone missing an exam (unexcused) will replace this missed exam with the last exam. Anyone missing two exams will automatically fail the class.**

PARTICIPATION

This course is based on the belief that mastery of the subject matter occurs through taking an active role in the learning process. Students are expected to attend class **regularly** and **punctually**. Lectures will be most beneficial when you complete assigned readings *before* topics are discussed in class. Assignments should be read prior to the appropriate class meeting.

EXAMS

Exam #1: Chapters 1, 2, 3, 4
September 30th Monday

Exam #2: Chapters 6, 7, 8
October 28th Monday

Exam #3: Chapters 9, 10, 11, 13
December 9th Monday

GRADING

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|---------------|---|---|---------|---|------|
| 90% and above | = | A | Exam #1 | = | 25% |
| 80 to 89% | = | B | Exam #2 | = | 25% |
| 70 to 79% | = | C | Exam #3 | = | 25% |
| 60 to 69% | = | D | Project | = | 25% |
| Less than 60% | = | F | Total | = | 100% |

Course Objectives and Learning Outcomes Assessment:

All of the topics covered in the course are covered with a specific course objective in mind. The course objectives for this course are given below which will be created into a learning outcomes assessment rubric (given below the objectives) to measure student performance in the class. The objectives for this course are:

1. Understand the scope of asset allocation and hierarchical portfolio construction as well as the organizational structure of investment management companies and institutional investors
2. Understand the structure of equity and fixed income markets along with the efficient markets hypothesis
3. Understand trading strategies, types of orders and risk control by traders and fund managers

4. Understand various definitions of returns, proxies for risk and fundamentals of modern portfolio theory
5. Understand the valuation of stocks and fixed income securities

| Criteria (Course Objectives) | 1 (Unsatisfactory) | 2 (Emerging) | 3 (Proficient) | 4 (Exemplary) |
|---|--|---|--|--|
| Understand the scope of asset allocation and hierarchical portfolio construction as well as the organizational structure of investment management companies and institutional investors | Student shows limited ability to understand or apply even the more basic concepts and methods of asset allocation and portfolio construction. | Student shows some understanding and some ability to apply only the more basic concepts and methods of asset allocation and portfolio construction. | Student shows the understanding and the ability to apply the basic but not advanced concepts and methods of asset allocation and portfolio construction. | Student shows excellent ability to understand and apply the advanced as well as basic concepts and methods of asset allocation and portfolio construction. |
| Understand the structure of equity and fixed income markets along with the efficient markets hypothesis | Student shows very limited ability to understand equity and fixed income markets as well as efficient markets hypothesis. | Student shows some ability to understand equity and fixed income markets as well as efficient markets hypothesis. | Student shows the ability to understand equity and fixed income markets as well as efficient markets hypothesis. | Student shows excellent ability to understand equity and fixed income markets as well as efficient markets hypothesis. |
| Understand trading strategies, types of orders and risk control by traders and fund managers | Student shows very limited ability to understand trading strategies, types of orders and risk control by traders and fund managers. | Student shows some ability to understand trading strategies, types of orders and risk control by traders and fund managers. | Student shows the ability to understand trading strategies, types of orders and risk control by traders and fund managers. | Student shows excellent ability to understand trading strategies, types of orders and risk control by traders and fund managers. |
| Understand various definitions of returns, proxies for risk and fundamentals of modern portfolio theory | Student shows very limited ability to understand various definitions of returns, proxies for risk and fundamentals of modern portfolio theory. | Student shows some ability to understand various definitions of returns, proxies for risk and fundamentals of modern portfolio theory. | Student shows the ability to understand various definitions of returns, proxies for risk and fundamentals of modern portfolio theory. | Student shows excellent ability to understand various definitions of returns, proxies for risk and fundamentals of modern portfolio theory. |
| Understand the valuation of stocks and fixed income securities (bonds) | Student shows very limited ability to understand the valuation of stocks and bonds. | Student shows some ability to understand the valuation of stocks and bonds. | Student shows the ability to understand the valuation of stocks and bonds. | Student shows excellent ability to understand the valuation of stocks and bonds. |

WEEKLY SCHEDULE

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|----------------|--|
| WEEK 1 | |
| August 26 | Chapter 1: Introduction |
| WEEK 2 | |
| September 2 | LABOR DAY HOLIDAY - NO CLASS |
| WEEK 3 | |
| September 9 | Chapter 2: Client Objectives for Diversified Portfolios |
| WEEK 4 | |
| September 16 | Chapter 3: Asset Allocation: The Mean Variance Framework |
| WEEK 5 | |
| September 23 | Chapter 4: Asset Allocation Inputs |
| WEEK 6 | |
| September 30 | EXAM #1: Chapters 1,2,3,4 |
| WEEK 7 | |
| October 7 | Chapter 6: The Investment Management Process |
| WEEK 8 | |
| October 14 | Chapter 7: Introduction to Equity Portfolio Investing |
| WEEK 9 | |
| October 21 | Chapter 8: Equity Portfolio Construction |
| WEEK 10 | |
| October 28 | EXAM #2: Chapters 6,7,8 |
| WEEK 11 | |
| November 4 | Chapter 9: Fixed Income Management |
| WEEK 12 | |
| November 11 | Chapter 10: Global Investing |
| WEEK 13 | |
| November 18 | Chapter 11: Alternative Investment Classes |
| WEEK 14 | |
| November 25 | NO CLASS |
| WEEK 15 | |
| December 2 | Chapter 13: Performance Measurement |

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|-------------------|-------------------------------------|
| | and Attribution |
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| DECEMBER 2 | TERM PROJECT DUE |
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| WEEK 16 | |
| December 9 | EXAM #3: Chapters 9,10,11,13 |
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NOTE: THE COURSE OUTLINE IS A GENERAL PLAN FOR THE COURSE. DEVIATIONS MAY BE NECESSARY DURING SEMESTER AND WILL BE ANNOUNCED TO CLASS IN A TIMELY FASHION.

TECHNICAL PROBLEMS AND QUESTIONS

Personal computer problems **DO NOT** excuse the requirement to complete all course work in a timely and satisfactory manner. Each student needs to have a backup method to deal with these inevitable problems. These methods might include the availability of a backup PC at home or work, the temporary use of a computer at a friend's home, the local library, Office Services such as Kinko's, an Internet cafe, or a bookstore such as Barnes & Noble, etc.

Technical assistance is available 24 hours a day/ 7 days a week. If you have questions related to eCollege, A&M-Commerce's online course management system, click on "TECHNICAL SUPPORT" on the left side of your course screen. An email box will appear. Fill out this technical support form, click submit, and your questions will be forwarded to the technical support staff. A resolution will be sent to you from the technical support staff via email. If at any time you experience technical problems (e.g., you can't log in to the course, you can't see certain material, etc.) please contact the eCollege HelpDesk, available 24 hours a day, seven days a week. The HelpDesk can be reached by sending an email to helpdesk@online.tamuc.org or by calling (866) 656-5511. Additionally, you can click on the "Help" button located at the top of each page for more information.

If you use an Internet Service Provider other than the university, please contact a company representative if you are having difficulty accessing the Internet. Other support questions may be addressed to Computing,

Telecommunications, and Information Systems (CTIS). The CTIS help desk is staffed Monday through Friday between 8AM and 5PM, and can be reached at (903) 468-6000. The after-hours and weekend emergency phone number is (877) 808-1607. When the after-hours support number is dialed, the answering service representative will ask for your name and phone number. The representative will then contact the on-call CTIS technician who should return your call within about 15 minutes.

CLASS ETHICS

You are expected to maintain high standards of integrity and honesty while pursuing your academic goal(s). The university's statement on academic honesty is found in the Texas A&M University-Commerce Procedures, A13.12, Academic Honesty. Academic dishonesty is defined in the following manner:

"Academic dishonesty includes, but is not limited to, plagiarism (the appropriation or stealing of the ideas or words of another and passing them off as one's own), cheating on exams or other course assignments, collusion (the unauthorized collaboration with others in preparing course assignments), and abuse (destruction, defacing, or removal) of resource material."

Moreover, while taking any exam in this course, your **ONLY** outside source of information should be the textbook, your own personal notes, and a financial calculator or a spreadsheet program such as Microsoft Excel, by which to solve financial calculations. You are not allowed to consult with any other reference material or person while taking an exam.

Students found to have committed academic dishonesty will automatically receive a failing grade for the course and face possible expulsion from the university.

Students with Disabilities

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you have a disability requiring an accommodation, please contact:

Office of Student Disability Resources and Services

Texas A&M University-Commerce

Gee Library

Room 132

Phone (903) 886-5150 or (903) 886-5835

Fax (903) 468-8148

StudentDisabilityServices@tamuc.edu