INVESTMENT ANALYSIS in Fall 2018 (BA4010)

Course Code	BA4010	**Professor(s)**	James Noel Ward
Prerequisites	None	**Office Number**	G-3A04
Class Schedule	TF: 09:00-10:20 in G-002	**Office Hours**	
Credits	4	**Email**	jward@aup.edu
Semester	Fall 2018	**Office Tel. Ext.**	579

Course Description

The course introduces students to the processes and analytical tools necessary for investment decisions. It provides the basic skills, modes of analysis and background useful to work in the investment area of finance firms or as individual investor. Students who successfully complete the course are expected to be able to work in the field or to continue specializations in Security Analysis, Credit Analysis or Portfolio Management.

Course Learning Outcomes

be familiar with many areas of investment analysis both from a theoretical and practical side
Describe the general structure of various financial markets.
Value financial products such as common stocks (both undervalued and overvalued) and fixed-income securities
Use financial derivatives as hedging instruments and speculative instruments
compare and contrast different investment management approaches (e.g., passive vs. active)
Make billions of dollars and endow a Chair for Professor Ward

General Education

[PLEASE EDIT OR REMOVE THE FOLLOWING TEXT AS APPLICABLE]
The general education program at AUP consists of four requirements: Speaking the World, Modeling the World, Mapping the World, and Comparing Worlds Past and Present.

This course can be used to fulfill the [INDICATE THE REQUIREMENT(S) FULFILLED BY THE

COURSE] requirement and as such has the following learning outcomes:

[INDICATE THE GENERAL EDUCATION LEARNING OUTCOMES]

Course Outline

IV. Teaching Method

- This course consists of lectures on the assigned readings, individual take-home and in-class assignments, class discussion, and individual and group case analyses and work.
- OUTLINE: (tentative)
- Part 1: THE INVESTMENT BACKGROUND.
- 1.Overview of Investment Management (instructors notes)
- Part 2: DEVELOPMENTS IN INVESTMENT THEORY.
- 6. Efficient Capital Markets.
- 7. An Introduction to Portfolio Management.
- 8. An Introduction to Asset Pricing Models.
- 9. Multifactor Models of Risk and Return.
- Part 3: VALUATION PRINCIPLES AND PRACTICES.
- 10. Analysis of Financial Statements.
- 11. An Introduction to Security Valuation.
- Part 4: ANALYSIS AND MANAGEMENT OF COMMON STOCKS .
- 12. Macroanalysis and Microvaluation of the Stock Market.
- 13. Industry Analysis.
- 14. Company Analysis and Stock Valuation.
- 15. Technical Analysis.
- 16. Equity Portfolio Management Strategies.
- Part 5: ANALYSIS AND MANAGEMENT OF BONDS.
- 17. Bond Fundamentals.
- 18. The Analysis and Valuation of Bonds.
- 19. Bond Portfolio Management Strategies.
- Part 6: DERIVATIVE SECURITY ANALYSIS.
- 20. An Introduction to Derivative Markets and Securities.
- 21. Forward and Futures Contracts.
- 22. Option Contracts.
- 23. Swap Contracts, Convertible Securities, and Other Embedded Derivatives.
- Part 7: SPECIFICATION AND EVALUATION OF ASSET MANAGEMENT.
- 24. Professional Money Management, Alternative Assets, and Industry Ethics.
- 25. Evaluation of Portfolio Performance.

Textbooks

Title	Author	Publisher	ISBN	Required
Essentials of Investments	Bodie Kane Marcus	McGraw Hill	9780077835422	Yes

Attendance Policy

Course Requirements

Class Attendance

- A SIGN-IN SHEET will be available for the first TEN (10) MINUTES ONLY. Students arriving after will not be allowed to sign in and will be counted absent. Also, students leaving early will be counted as absent. In general, students are expected to avoid disturbing the class by arriving late or leave early.

If you are absent a fifth time you must withdraw and repeat the course.

Class Participation

- Students' participation in class discussion will enhance the interactive learning environment that is the overall format of this course.

Like the financial markets, this course is competitive.

Assignments

- I do not accept late assignments. The exact due date and time will be clear.
- When I say it is "due at the beginning of class" I mean it is due at 9 a.m. to 9:01 a.m. Yes I am serious. "Time value of money" is a serious thing, and "money value of time" is a serious thing.
- Do not bother even trying to propose an alternative or an excuse.
- SUBMITTED or ZERO (0).
- Assignments may be sent by e-mail only for documented illness.
- Otherwise Assignments must ALWAYS be BOTH HARD COPY and E-Mailed.
- 30 points mini mid-terms (15 points each), 20 points Project/Assignments/Case Studies, 10 points Quizzes & class participation for the "morning meeting." 40 points FINAL EXAM, and yes, completion and neatness contribute to final grade.
- If things go well, I usually DON'T HAVE A FINAL EXAM and instead ask for (ta da!) an INVESTMENT ANALYSIS.

Communication

We use Blackboard for this course. Students are responsible for checking the blackboard website and their AUP email for updates.

I have all sorts of stuff on Blackboard and will be putting up more.

Laptops & Mobile Telephones & Tablets

- Laptops are not allowed during classes except when authorized for note taking or for specific exercises. Permission may be reversed.
- Mobile-phones should be either off or on silent mode. If you are "PHONESTRUBATING" during class lectures I will confiscate your telephone. If your telephone goes off during class I SEIZE YOUR TELEPHONE Until Next Class.
- YOU HAVE BEEN WARNED.

Other Policies

AUP ATTENDANCE POLICY:

- Students studying at AUP are expected to attend ALL scheduled classes.
- A maximum of four (4) excused absences may be requested for all 4-credit courses.
- Attendance at all exams is mandatory.
- Whether an absence (excused or unexcused) is accepted or not is ALWAYS up to the discretion of the professor.
- Unexcused absences can result in a low or failing grade.
- In the case of excessive excused and unexcused absences, it is up to the professor or the department to decide if the student will receive an "F" for the course.
- Notes from the "sympathetic" doctors who back-date absence requests in exchange for money will not be accepted. I have a list of these doctors. Bringing me an excuse from one of these quacks will not be accepted. If you are sick, go to a real doctor. If you overslept, suck it up and accept your responsibility for it. People who tell you "just go to this doctor and he'll give you a note" are putting your grade in jeopardy. Don't try it.

For all other policies and procedures, this course is bound by the university's general policy. Copies of the University's policies on absences and academic integrity were given to each student at registration and are available at the office of the Registrar. Students are responsible for adhering strictly to these policies (i.e., see page five for AUP's attendance, language and religious/national holidays policy).

File Submission Guidelines

Electronic files

- E-documents should also include student's name and ID number (top of first page) as well as page numbers, font size 12, saved as Word document, and e-mailed to me on or before the deadline.
- File name should start with student's last name, first name, course number, and type of

assignment. Any file with wrong file name and format will be automatically rejected and not graded. For example, John SMITH’s final paper will be named as:

Smith-John-BA4010-FinalAssignement

Grading Policy

Assignments

1. Individual take home assignments (20% of final grade) and 2. Pop Quizes

- There will be several assignments through the semester. Assignments will be related to class discussions covered in previous sessions.

Pop Quizes will be given at anytime. The quizzes cover readings, previous lecture material, discussions, or presentations. I drop the lowest quiz grade.

3. Two – Mini -Mid-term Exams (15% each of final grade)

4. Final Exam (40% of final grade)

Typically a Case study and comprehensive review of all subjects covered.

VIII. Case and Assignment Analysis and Evaluation Method

Analyses of investment data are an integral part of this course. For their analyses students are expected to use other resources than their text book, include updated market. Approximately 60% of cases analysis should be the student’s own work. The remaining 40% should cover background information and explanation of applicable theories.

Grading Scale:

Excellent				Good Unsatisfactory		Satisfactory	
95-100	A (4.0)	87-89	B+ (3.3)	77-79	C+ (2.3)	67-69	D+ (1.3)
90-94	A- (3.7)	84-86	B (3.0)	74-76	C (2.0)	64-66	D (1.0)
		80-83	B- (2.7)	70-73	C- (1.7)	60-63	D- (0.7)
						Under 60	F (0)

Grading Description:

- **Excellent:** Reserved for superior quality and outstanding performance.
- **Good:** Granted to above average and thorough performance
- **Satisfactory:** Given to adequate and acceptable work meeting course requirements
- **Unsatisfactory:** An unacceptable and non-passing grade reserved for low performance.

In general, the high and low level of grading scale are reserved for exceptional cases. An excellent (A and A-) grade level is reserved for outstanding performance. An unsatisfactory (under C-) grade level is to be avoided and students will be asked to drop the course before drop/add deadline.

I am notoriously well-known at this University for Failing (“F”) students who cheat and in addition I petition the Honor Board for your removal (“expulsion”) from the University. Finance is the most highly regulated industry in the world, more rigorously regulated than even the Nuclear Power industry, and there are still to many “bad actors” and crooks in the field. I will not allow my name to be associated with a cheat, meaning I will not sign off on you recveiveing a degree from this institution.

I am also a famously easy grader for those students who consistently give me their best, and improve over the course.

IX. Teaching Assistants: There are no teaching assitants for this course, so you need to contact me if you are in trouble. I have some Paris-based recent grads who could toutor you (for a fee) if you really need help and get in trouble.

X. Mathematics: Typically, this course only has five to ten people in it, all Finance majors, so I keep the math pretty intensive. But I won’t start at the Black-Scholes equilibrium framework.

In the Anglo-American academic tradition a professor has full control of the content and organization of course, materials, classroom, and grading practices and may modify it at any time based on assessment and progress of the students. I fully expect that it is more likely that I will have to do that than not.

-J.N.W.

Other