

# **FIN 351: Principles of Investment**

Lubin School of Business  
Pace University

Spring 2010

W-521, Tuesday: 10:10 am – 12:00 pm & Thursday: 10:10 am – 11:05 am

## **Instructor:**

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Office hours: Tuesday: 12:00-1:00 pm &

3:00 – 6:00pm

Wednesday: 5:00-6:00pm

## **Course Objectives:**

The primary objective of FIN 351 is to provide the student with the theoretical and practical background and analytical tools necessary to sound investment decision-making. Among the major topics of discussion this course will cover there are: markets for securities and investments, general analysis of specific classes of securities and investments, investment-risk analysis and the efficient market hypothesis, as well as derivatives.

## **Prerequisites:**

FIN 260, MAT 111.

## **Textbook:**

*Essentials of Investment*, 7<sup>th</sup> edition, by Zvi Bodie, Alex Kane, and Alan J. Marcus, McGraw Hill – Irwin, 2008.

## **Recommendations:**

1. *A Financial Calculator* is instrumental to problem solving calculations. I recommend the HP-12C.
2. *The Wall Street Journal*
3. *Fortune*.

## **Grading Weight and Distribution:**

Midterm (take-home)	30%
Final (in class)	30%
Group project	30%
Attendance and class participation	10%

At the end of the semester your overall score will be converted to a final grade as follows:

93 and above	A	77-79.9	C+
90-92.9	A-	73-76.9	C
87-89.9	B+	70-72.9	C-
83-86.9	B	67-69.9	D+
80-82.9	B-	60-66.9	D
		below 60	F

The final exam will be closed-book, closed-notes and will include problems similar to those covered in class or assigned after each session.

**Group Project:** Given the current economic conditions, finding stock darlings is a challenge, yet, not impossible. Your task is to pick a public company of your liking, do a thorough fundamental analysis, and come up with a recommendation, of whether or not to invest in your selected company's stock. After you choose your company, use a top-down approach in your study. Start with a macroeconomic and industry analysis (see Chapter 12) followed by an analysis of your selected company's financial statements (see Chapter 14), and end with its equity valuation (see Chapter 13).

The write-up should be well organized, concise, neat, and free of grammatical errors. It should not exceed 20 double-space pages. Very important, cite all references you use at the end of your paper. Your write-up will be judged based on content, clarity, and presentation. Oral presentations will be held at the end of the semester.

Students are encouraged to work in groups of up to four when completing the project. They must be identified (via e-mail) by February 16<sup>th</sup>.

**Class Participation:**

Each student is expected to actively participate in class. For better understanding of the subject matter, I recommend that students read the chapter(s) before they come to class. At the end of each chapter there are problems related to topics covered by the textbook and discussed in class. Students are encouraged to solve as many problems as possible.

**Class Policies:**

- Make-up exams will be given only in the case of illness, documented by a doctor.
- There are no credit projects that can be done to improve a grade.
- Attendance is taken during each class.
- Avoid being late at the beginning of class and after the break. No student will be allowed in the class room 5 minutes after the class starts/resumes.
- Turn off your cell phones and beepers during class.
- Academic integrity is important. Cheating will be dealt with harshly. Pace University Student Academic Integrity Code can be found at <http://www.pace.edu/emplibrary/Pace%20University%20Student%20Academic%20Integrity%20Code.doc>

**Course website:**

Course information will be posted on the course website (blackboard.pace.edu).

## **Course Outline:**

### I. Introduction

Investments: Background and Issues (Chapter 1)

### II. Equity Securities and Markets

Asset Classes and Financial Instruments (Chapter 2, p. 37-46)

Securities Markets (Chapter 3)

### III. Market Rationality and Efficiency

The Efficient Market Hypothesis (Chapter 8)

Technical Analysis (Chapter 9, p. 273-282)

Fundamental Analysis (Chapters 12 – 14)

### IV. Fixed Income Securities and Markets

Asset Classes and Financial Instruments (Chapter 2, p. 25-36)

Bond Prices and Yields (Chapter 10)

Managing Bond Portfolios (Chapter 11)

### V. Modern Portfolio Theory

Mutual Funds and Other Investment Companies (Chapter 4)

Risk and Return: Past and Prologue (Chapter 5)

Efficient Diversification (Chapter 6)

Capital Asset Pricing and Arbitrage Pricing Theory (Chapter 7)

**Student Information Sheet – Spring 2009**

Name \_\_\_\_\_

Student ID Number \_\_\_\_\_ Major \_\_\_\_\_

E-mail address \_\_\_\_\_

Do you currently work? \_\_\_\_\_

Why did you come to Pace? \_\_\_\_\_

\_\_\_\_\_

Why have you registered for this course? \_\_\_\_\_

\_\_\_\_\_

What do you expect to learn in this class? \_\_\_\_\_

\_\_\_\_\_

What is your dream job upon graduation? \_\_\_\_\_

I may need special assistance in the class because (check all that apply):

\_\_\_\_\_ I am transferring this course to another college/university that requires a "C" or better

\_\_\_\_\_ I am on probation and need a "C" or better to stay at Pace University

\_\_\_\_\_ I took this class before and failed it

\_\_\_\_\_ I have never done well in quantitative courses (such as math, statistics, etc.)

\_\_\_\_\_ I am receiving a scholarship and need at least a "B" to keep it

\_\_\_\_\_ I can't get reimbursed from my company unless I earn at least a "C"

\_\_\_\_\_ Other (please specify) \_\_\_\_\_