

Financial Analysis
Course Number: 22:430:603
Course Title: Investment Analysis & Management

COURSE DESCRIPTION

Students will develop a strong understanding of the fundamentals of investing in Equities, Fixed Income, Options, and other financial instruments. Topics will include understanding the fundamental drivers of value, the basics of equity valuation, bond pricing, and the understanding of price volatility and risk

The modern world of investments is varied, complex, and interesting. This course will provide students with the necessary background and many of the tools employed in the profession. Students will learn the jargon of the marketplace, useful analytics, and how things are actually done through a combination of academic and hands-on practical learning.

I'll assume you understand and can perform time value of money calculations, know what a stock and bond is, have a basic understanding of balance sheets plus a knowledge of macro-economics.

COURSE MATERIALS

Required Textbook: This course will be using Essentials of Investments by Bodie, 12th edition with CONNECT.

With Barnes & Noble First Day, you no longer need to go to the bookstore or search online for the right books.

You will be able to access your course materials for this course through Canvas. You may also purchase a discounted loose-leaf copy of the textbook from McGraw-Hill OR the bookstore if you would like to have a physical copy of the text.

Barnes & Noble First Day is a partnership between Rutgers University and McGraw-Hill, to provide the best learning resources on the first day of class. Here's how it works:

- You can gain access to McGraw-Hill's CONNECT with the latest version of the eBook at a discount.
- If you want a physical copy of the textbook, feel free to order a discounted loose-leaf version through McGraw-Hill's online platform OR the bookstore.
- You are not charged for web materials if you drop the course before the add/drop date.

· If you remain in the course, you are charged a materials fee by your school to continue access to the online platforms.

I have placed the online work in the Assignments Folder in Canvas. To register open the first assignment and you will be prompted to register.

This is McGraw Hill's Help Desk Contact Information:

Phone: 800-331-5094

Email & Chat: www.mhhe.com/support

It will also be important to have, or have access to, a HP 12C or other **financial** calculator. No Scientific Calculators.

The calculations that are needed for the course may be done using a financial calculator and/or a spreadsheet. Your benefit from the lecture will be enhanced if you are able to follow the calculations in class.

A tutorial for the TI BA II PLUS financial calculator is available at:

http://www.screencast.com/users/Quartic_Training/folders/TI%20BA%20II%20PLUS%20calculator%20tutorial/media/e31b353c-26db-459d-9de4-e7ec10d7e5d5

I will be using a 12C during class. Either are fine for the exams and homework.

The course does not always revolve around a book – this is college. As a supplement to the textbook we will have interactive discussions regarding regulation, world events, and the changing landscape of the investment world. Students who read the news and understand current events affecting the investment world will have a higher level of success. Consequently, I encourage students to read the Wall Street Journal, FT, Bloomberg, etc. Try connecting an event in the marketplace – there is always something – with the topic of the lecture and mentioning it in class.

NO CELL PHONES DURING CLASS!

I WILL PERMIT LAPTOPS OR IPADS FOR NOTE TAKING.

LEARNING GOALS AND OBJECTIVES

Students should be familiar with most common financial instruments, including money market instruments and derivatives, and demonstrate an advanced level of knowledge of bonds and stocks. In addition, students should demonstrate an advanced knowledge of portfolio theory including Expected Return, Risk (Variance and Beta), Covariance and Correlation, CAPM, Minimum Risk Portfolio, Optimal Portfolio, and Efficient Markets.

Understanding the process and importance of determining value.

The advantages and methods of creating a diversified portfolio.

How to digest and interpret news and how it affects valuations on both a macro and security level

Students will develop the necessary skills to evaluate and understand the importance of equities, beta and alpha, fixed income instruments, options, duration, and risk.

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

If I am to be absent, my department chair or I will send you notice via email and/or Canvas as far in advance as possible.

The course agenda is very ambitious. Attendance is critical because, for the most part, each topic builds upon the last. Attendance will not be formally taken, but it would be best to not miss a class unless necessary. *Exams are based on the class lectures.*

If your absence is due to religious observance, a Rutgers-approved activity, illness, or family emergency/death and you seek to make up a test, send an email with full details and supporting documentation.

CLASSROOM CONDUCT

Class Participation is strongly encouraged as is the ability to speak to current financial events. You are responsible to know what goes on in class, which will from time to time include handouts, additional readings, and possible changes to the syllabus. Most course announcements will be made by notices via Canvas. Email will also be sent so... be sure your Rutgers email is correct.

Put your phones away --- if it rings or your caught texting I will ask you to leave class. If it’s something critical (someone in surgery for example) I will grant you a one-time exemption. Just let me know **BEFORE** class. Your friend picking you up after class is **NOT** critical.

You are expected to have some form of the textbook at every class.

If you want to take notes electronically, you are welcome to use your laptop or tablet.

We will respect everyone in the class. I'm here to teach and you are here to learn. There is no class that 50+ students will find perfect. If you have a point you would like to bring up, email me first and we can discuss as needed.

We're all adults, disruptive behavior will not be tolerated.

EMAIL AND OFFICE HOURS

Please notify me via email if you plan to attend. Email is best. Priority for office hours are for those who emailed, then first come first serve. I have found many questions can be solved via email, so please feel free to try that first.

I would also ask that you follow the simple guidelines for communications regarding the class.

If your question or concern is regarding something class-related, i.e. homework, office hours, projects, etc. please do NOT use Outlook mail. Instead, use the email system integrated into Canvas.

If your question is regarding professional or personal advice please DO USE Outlook Mail.

This will help me be more responsive to your emails if you please follow these simple rules.

STUDY HINTS

1. Complete Smartbook assignments and read the text and the lecture notes BEFORE coming to lecture. This will help to familiarize you with the lecture concepts ahead of time and allow you to get the most out of lecture. At least looking at or attempting the homework will also help.
2. Attend lecture and take detailed notes. Exam questions may deal with material from lecture that is not in the text, hence detailed notes are imperative.
3. Active Study – This takes a lot of time to do well, but it is worth the effort. Studying is not a passive activity; rather you should always be doing something while reading the chapters.
 - a. Study Notes: Make your own set of study notes that are more complete than the notes that you took in lecture. To do this, sit down with your lecture notes and use the text to enhance your notes. Keep in mind that you will want to use these notes to study from before the exam.
 - b. Problem Solving: Work the assigned problems from the book and/or the online homework system. Exam questions will be similar to these problems, so it is advisable to keep a record of the problems to study before the exam. You should keep track of which problems or concepts are difficult for you and get them cleared up as soon as possible.
4. Make sure that you understand the material covered in previous classes before the next class.
5. Study on a regular basis. Do not wait until a few days (or the night) before the exam to cram in

information. Work problems on a regular basis and get help early if you need it!

6. Studying for Quizzes and Exams: Review notes and refer to the text for clarification if necessary. Review homework problems and worksheets for quizzes. Review homework problems, worksheets, and quizzes for exam. It is easy to fool yourself into thinking that you know the material better than you do

Learnsmart is due BEFORE the corresponding lecture.

The Quizzes are going to be due in groups (timing, not people) so you are more in charge of your own timing. Don't miss the deadlines.

Connect Homework is optional. It is there for you to practice.

EXAM DATES AND POLICIES

There will be three, evenly spaced, *cumulative* tests. Exams may be online or in-person. This will be decided at a later date.

Your course grade will be based primarily upon these examinations.

- Hourly Exam#1 15%
- Hourly Exam #2 20%

- Final Exam 30%
- Group Project 15%
- Connect Score/Other Homework 20%
- 2-Final Exam Points will also be given for successful completion of Bloomberg BMC Course. I will send out the link as soon as possible.

MAKE-UP POLICY: There will be no make-ups without an excuse approved by the Dean of Students (<http://deanofstudents.rutgers.edu/>). If you miss one quiz or exam, I will simply count your final exam grade in its place. For example, if you miss the second hourly your final is now worth 50% of your grade. If you miss two exams this will not apply to the second; you will receive a zero for the second exam.

During exams, the following rules apply:

1. You will be allowed to have a writing instrument and a calculator. All of your other belongings (including cell phones or other electronics) will remain along the front wall of the classroom.
2. You must show a valid Rutgers photo ID to turn in the exam.
3. Seating arrangements will be at the discretion of the person(s) who monitors the exams.
4. Use the bathroom prior to the exam start.
5. Your exam will not be accepted unless you sign the Honor Pledge.

GROUP PROJECT – Guidelines:

During the semester, each student in a group of 3-5 will research a publicly traded company that has both equity and debt to produce a report (4 to 6 pages) that will be graded and then presented to the class. In-class presentations should be limited to 10 mins each.

The rubric is as follows:

Basic Capital Structure – Do you understand it?

Team’s Presentation Skills – including can you keep to 10 mins?

Your recommendation – you need two. One for the bonds and one for the stock.

Does your recommendation make sense? I didn’t say correct, I said make sense.

How much effort did your team put into the project?

GRADING POLICY

Your final grade is not subject to negotiation. If you feel I have made an error, submit your written argument to me within one week of receiving your grade. Clarify the precise error I made and provide all due supporting documentation. If I have made an error, I will gladly correct it. But I will adjust grades only if I have made an error.

The department guideline specifies that the average FINAL grade (where A=4, B+=3.5, B=3, C+=2.5, C=2, D=1 and F=0) should be between 2.95 and 3.15.

COURSE SCHEDULE

To get maximum return from your investment in this course, it’s strongly recommend that you read the assigned chapters **before** class and review the PowerPoint presentations associated with each lecture.

Class	Topic	Reading
	Introduction to the Course, Objectives, Requirements, Background and Issues	BKM Chap 1
	Asset Classes and Financial Instruments	BKM Chap 2
	Securities Markets – How Securities are traded, Volcker Rule	BKM Chap 3
	Mutual Funds and Other Investment Companies, Intro to ETF’s	BKM Chap 4
	Bond Prices and Yields Bond Math	BKM Chap 10
	Equity Valuation	BKM Chap 13

<i>Discuss research project</i>	
First Midterm	
Options	BKM Chap 15, 16.1, & 16.4
Macroeconomics	BKM Chap 12
Futures Markets, CDS	BKM Chap 17
Risk Return, Capital Allocation, CAPM, EMH Risky Portfolios, Indexes	BKM Chap 5 - 8
Investment Policy/Process	BKM Chap 22
Portfolio Performance	BKM Chap 18
Second Midterm	
Review of Research Projects	
Behavioral Finance, Technical Analysis	BKM Chap 9
Hedge Funds	BKM Chap 20
Regulation, Federal Reserve, Central Banks Dodd – Frank, Glass Steagall	
Global Markets (If possible)	BKM Chap 19
Exam Review	
Final Exam	

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.]