

INVESTMENT ANALYSIS [Course GSB 731] (REVISED)

Dominican University – Brennan School of Business

Fall Semester-2006

Faculty: **Ramiro J. Atristain**
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Hours and Location: 6:30-9:30 P.M., Thursdays, Room TBD

Description of Course

GSB 731 examines the essentials of investment analysis. The course covers several concepts and techniques highlighting basic types of financial instruments--stocks, bonds, options, and futures--focusing on their characteristics, features and their risks and returns. It challenges the student to learn to think like an investment manager—applying the information discussed in class with a hands-on Project. The focus is on adding value across the spectrum of decisions ranging from position-taking in particular securities, to portfolio risk management, to the delegation to and oversight of professional investment managers.

Prerequisite

Before entering GSB 731, students are expected to have completed GSB 625 (GSB 625 gives a basic understanding of corporate finance and financial markets). In addition, some knowledge of statistics is necessary. Students should not be easily intimidated by financial statements nor by mathematical formulas.

Class Format and Organization

The course is: a) Presented in a lecture format combined with student participation--students are encouraged to raise questions and participate in discussions based on their reading of assigned chapters and outside material. b) Is organized around four components: stock markets, interest rates and bonds, portfolio construction and futures and options (see Course Calendar).

Expected Learning Outcomes

Upon successful completion of this course, students will:

- Be able to employ techniques in analyzing investments.
- Be familiar with the basic types of financial instruments discussed in class.
- Understand investment strategies, as individual investors.
- Understand investment strategies from the standpoint of institutional investment objectives.

Assessment of Student Learning

Assessment of student learning will be evaluated with the following three criteria: [percentage of grade]

1. Class Project [45%]: Students (individually or in a group of no more than three) will invest hypothetically choosing particular investments and investment strategies--chosen from a fairly broad array of companies, securities, and institutional contexts. The Project is a significant component of the course and allows the student to apply the conceptual frameworks and analytical tools learned in class. Students will write and present a two-phase page Investment Report detailing their analyses of publicly-held companies in their portfolio, investment objectives, rationale, conclusions for decisions, financial overview, etc. (per the Class Project handout).
2. Exams [45%]: Students will take two exams in class.
3. Attendance and participation [10%]: Students are expected to attend all sessions, contribute and be graded on class discussion.

Note: Assessments and feedback to the student will embody the qualities of clarity, integrity and fairness.

Required Textbook and Recommended Outside Material

-Corrado, Charles J. and Jordan, Bradford D.; *Fundamentals of Investments* 3rd Edition, McGraw-Hill, 2005.

-Primary recommended reading: Financial Times, <http://today.reuters.com/investing/>, class handouts.

-Secondary recommended material: The Economist, Nightly Business Report, and Wall Street Journal. See recommended links at www.atristain.com/links.htm.

-Financial calculator recommended (not required): HP 10B or similar.

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Course Calendar: (An up-to-date version of this Syllabus is available at www.atristain.com/Academicpage.htm)

Session	Date	Topics	Assigned Reading*
I	8/31	Introduction to the course, grading policy, etc. Risk and Return	Chapter: 1
II	9/7	Buying and Selling Securities	Chapter: 2 Class Project assigned
III	9/14	Security Types	Chapter: 3
IV	9/21	Mutual Funds The Stock Market	Chapter 4, 5
V	9/28	Common Stock Valuation Earnings and Cash Flow Analysis	Chapter: 6, 7 Update on Class Project.
VI	10/5	Earnings and Cash Flow Analysis (cont.)	Chapter: 7 (cont.)
VII	10/12	Exam I Mid-semester student feedback.	Exam (in class)
VIII	10/19	Stock Price Behavior and Market Efficiency Interest Rates	Chapter: 8, 9
IX	10/26	Bond Prices and Yields	Chapters: 10. PROJECT PROGRESS REPORT DUE
X	11/2	Diversification and Asset Allocation	Chapter 11
XI	11/9	Return, Risk, and the Security Market Line Performance Evaluation and Risk Management	Chapters: 12, 13
XII	11/16	Stock Options Option Valuation	Chapters: 14, 15
XIII	11/30	Option Valuation (cont.) Futures Contracts	Chapters: 15 (cont.), 16
XIV	12/7	Corporate Bonds Government Bonds Mortgage-Backed Securities	Chapters: 17, 18, 19
XV	12/14	Exam II Formal presentations and critique of Project. Student evaluations of instructor. Overall student feedback.	Exam (in class) CLASS PROJECT DUE (Presentation/report)

*It is recommended that the student use the resources at the end of every Chapter i.e. Review Problems, Self-study, etc.