

CHAMINADE UNIVERSITY COURSE SYLLABUS

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COURSE TITLE: BU 353, Investments
TERM: January 13- May 8, 2003
TIME AND PLACE: Monday/Wednesday/Friday 10:00-10:50, K101

INSTRUCTOR: Caryn Callahan, Ph.D.
OFFICE HOURS: **MWF 11:00–12:00; Kieffer Hall**
OFFICE PHONE: 735-4615 (Kieffer Hall)
HOME PHONE: 395-0541 (Call before 9:00 P.M.)
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COURSE DESCRIPTION

This is an introductory course covering material essential to a comprehensive understanding of investment management. Topics will include, but not be limited to, security markets, sources of investment information, analysis and valuation of equity securities, and issues in efficient markets.

OBJECTIVES

The main objectives of this course are to:

1. Provide the student with a basic understanding of investment theory, concepts and procedures.
2. Provide a background for more informed investment decision making.
3. Prepare the student for further study in the field of investment and finance.

GRADING

Midterm Examination	16
Final Examination	16
12 Weekly Quizzes	48
Investment Project	<u>20</u>
Total	100%

TEXTBOOK

Fundamentals of Investment Management, Geoffrey Hirt and Stanley Block, Irwin, Seventh Edition, 2003. Please read assigned sections before class.

INVESTMENT PROJECT

Students will invest an imaginary sum of \$500,000 in the market, and monitor and change their portfolio over the duration of this course. This assignment will be on a pass/fail basis. Passing requires that you submit a paper demonstrating that you have put sufficient thought and time into managing your portfolio. You do not need to show a profit on your investments in order to pass. The top student in the class (whoever makes the most money on his/her portfolio during the course) will have five extra points added to the final grade in this course; the next student in terms of profits will have two extra points added to his/her final grade

How to Write the Paper on Your Investment Project

PART ONE (two-to-three pages). This section of your paper should explain the reasons for your initial investments, including your macroeconomic forecasts, your rationale for selecting particular industries, and your reasons for selecting particular stocks in those industries. You should also discuss your asset allocation strategy (what percentage of your funds you choose to invest in each type of asset) and your portfolio strategy (why did you choose the particular mix of investments that you did.) In the euphoria of the current bull market, it was easy to fall into a "stock picking" strategy. In the current flat market, please try to avoid "going on lucky hunches."

PART TWO (two-to-three pages). This section of your paper should describe your reasoning for all subsequent trades, and should provide an update of your reasoning about the economy and particular industries and stocks.

PART THREE (three-to-four pages). Discuss what you learned and explain why your portfolio performed as it did. You can also describe how you would act differently the next time, if necessary. You should include an estimate of hours spent on this project.

PART FOUR: List here at least 8 useful web addresses that you have used for your investment project. Give a brief description of each site.

For this investment project, I would like to use a free investment game that can be found on the Internet. I will pass out information about it in class.

INVESTMENT GAME ORAL PRESENTATION

Students will give brief (five-to-ten minute) updates on their investment strategy in the investment game. You will be expected to share information about useful websites and give your views on the market, on individual stocks and on your portfolio. This assignment is on a pass/fail basis and is worth 5% of the total grade.

BU 353: 2003 SCHEDULE AND ASSIGNMENTS

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WEEK 1: Monday, January 13; Wednesday, January 15; Friday, January 17

Assignment for this week: Textbook, Chapters 1 and 2
"The Investment Setting"
"Security Markets: Present and Future"

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WEEK 2: Wednesday, January 22; Friday, January 24 (Note: Monday, January 20 is the Martin Luther King Holiday.)

Assignment for this week: Textbook, Chapters 3 and 5 (SKIP CHAPTER 4)
"Participating in the Market"
"Economic Activity"

Wednesday, Quiz #1 on Chapters 1 and 2

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WEEK 3: Monday, January 27; Wednesday, January 29; Friday, January 31

Assignment for this week: Textbook, Chapter 6
"Industry Analysis "

Wednesday, Quiz #2 on Chapters 3 and 5 (SKIP CHAPTER 4)

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WEEK 4: Monday, February 3, Wednesday, February 5; Friday, February 7

Assignment for this week: Textbook, Chapter 7
"Valuation of the Individual Firm"

Wednesday, Quiz #3 on Chapter 6

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WEEK 5: Monday, February 10; Wednesday, February 12; Friday, February 14

Assignment for this week: Textbook, Chapter 8
"Financial Statement Analysis"

Wednesday, Quiz #4 on Chapter 7

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WEEK 6: Wednesday, February 19; Friday, February 21 (Note: Monday, February 17 is the Presidents' Day Holiday.)

Assignment for this week: Chapters 9 and 10
"A Basic View of Technical Analysis"
"Investments in Special Situations"

Wednesday, Quiz #5 on Chapter 8

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WEEK 7: Monday, February 24; Wednesday, February 26; Friday, February 28

Wednesday, March 1: MIDTERM EXAMINATION, Chapters 1-10

Begin reading next week's assignment:

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WEEK 8: Monday, March 3; Wednesday, March 5; Friday, March 7

Assignment for this week: Textbook, Chapters 11 and 12
"Bonds and Fixed-Income Fundamentals"
"Principles of Bond Valuation and Investment"

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WEEK 9: Monday, March 10; Wednesday, March 12; Friday, March 14

Assignment for this week: Textbook, Chapters 13 and 14
"Duration and Reinvestment Concepts"
"Convertible Securities and Warrants"

Wednesday, Quiz #6 on Chapters 11 and 12

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WEEK 10: Monday, March 17; Wednesday, March 19; Friday, March 21

Assignment for this week: Textbook, Chapter 15
"Put and Call Options"

Wednesday, Quiz #7 on Chapters 13 and 14

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SPRING BREAK (Monday, March 24 – Friday, March 28)

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Assignment for this week: Textbook, Chapters 16
"Commodities and Financial Futures"

Assignment for this week: Textbook, Chapter 17
"Stock Index Futures and Options"

Assignment for this week: Textbook, Chapters 18 and 19
"International Securities Markets"
"Mutual Funds"

Assignment for this week: Textbook, Chapters 20 and 21
"Investment in Real Assets"
"A Basic Look at Portfolio Management..."

Assignment for this week: Chapter 22
"Measuring Risks and Returns of Portfolio Managers"

FINAL EXAMINATION SCHEDULE WILL BE ANNOUNCED