

CHAMINADE UNIVERSITY  
COURSE SYLLABUS

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*COURSE TITLE:* Finance 303, Investments

**TERM:** January 11- May 6, 1999

*TIMES:* Tuesday and Thursday, 8:00 - 9:20, H-107

*INSTRUCTOR:* Caryn **Callahan**, Ph.D.

*OFFICE HOURS:* By Appointment

*HOME PHONE:* 395-0541 (Please call before 9:00 P.M.)

*OFFICE:* Keiffer #4, 739-4689

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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.

RADIN	
Midterm Examination	20
Final Examination	20
11 Weekly Quizzes	40
Investment Project	20
Total	100%

## TEXTBOOK

Fundamentals of Investment Management, Geoffrey **Hirt** and **Stanley** Block, Irwin, Sixth Edition, 1999. Please **read** assigned sections before class.

## INVESTMENT PROJECT

All students will **invest** an **imaginary** sum of S 100,000 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 three students in the **class** (those who make the most money on their portfolios during the course) **will** have five extra points added to their final grade in this course; the next three students in terms of profits will have two extra points added to their final grade. The person with the lowest performing portfolio will lose **five** points.

### How to Write the Paper about Your **Investment** Project

Paper: You must explain your reasons for choosing **your** initial portfolio and give a short explanation for all subsequent trades.

**PART ONE** (one-to-two pages). This section of your paper should explain the reasons for your initial investments, including your macroeconomic forecasts, your reason for wanting to invest in particular industries, and your reasons for selecting a particular stocks in those industry. 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,)

**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 **macro-economy** and particular industries and stocks.

**PART THREE** (one page). This section should 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 also include an estimate of how many hours you spent on **this** project.

For this investment project, I would like to use a **free** investment game that can be found on the Internet. Since I have never used this game before, this will be a learning experience for all of us. As a **backup**, I include some information at the end of this syllabus about how to do the game without a computer. I include below some information that I downloaded from the website.

[http://www.ocf.berkeley.edu/~g\\_lee/sim.html](http://www.ocf.berkeley.edu/~g_lee/sim.html)

*Welcome to the **InvestSmart** Market Simulation. This interactive educational stock and mutual **fund** simulation uses real stock and mutual fund delayed quotes from the major US exchanges such as NYSE, **AMEX**, and **NASDAQ**. All of our services are **FREE** to, users.*

*The **Educator** allows teachers to set up group **accounts** for each of their classes. There is no limit to the number of classrooms that can play our game. Teachers can **monitor their student's** progress and guide them to wisely investing their virtual money. Students might compete with their classmates while learning about the stock market.*

*The Educator is a free stock market trading system that is available 24 hours a day, year round. The **educator** allows teachers to help **students** learn more about investing in the stock market. In this exclusive area of the Web, teachers, administrators, parents, or students who would like to play the stock game in school may create their own private groups. Over 1,000 classes have been using the Educator to bring Wall Street to their classrooms. The Educator has the following features:*

- Easy setup for classrooms or student **investment** club competitions (**rankings** within each group);*
- Use of multiple quotes and **symbols** search **from** NYSE, AMEX, and NASDAQ;*
- View of each student's portfolio and monitoring of progress from the Group Directory,*
- Research **capability** of stocks using a query form off of a database of over 5,000 companies*
- Benchmark of each **portfolio** with the S&P 500 (Click Benchmark after log in);*
- Helpful set up tips for classes from 20 to 100 students (Click Tips below the Quotes box)*

*Creating a group to play the stock game in your school is simple **and** painless. Here are the steps:*

- Step # 1: Choose a leader such as a teacher, teaching aide, PTA **volunteer**, or student*
- Step # 2: Fill out the on-line group registration **form** by **clicking** the **Group** Registration button.*
- Step # 3: Pick a group name and group password such as group name: **econ101**, group password: 101. (case sensitive, no spaces between letters)*
- Step # 4: Check to see if your group shows up in the Group Directory.*
- Step # 5: Register every individual who would like to trade stocks **and** compete in that group by clicking the **individual** registration button above.*
- Step # 6: Login with the group name, group password login **name**, and user password Take on the challenge with your group members!*

*Additionally, you need to review Stock Market Basics and the the **InvestSmart** Stock Market Simulation. Of course, each account will start with \$100,000. Students will be ranked by the total value of their portfolios Teachers may set their own point systems for grading purposes **and** rules for buying and selling stock Students can also form a team of 3 to 5 to compete as teams instead of individuals.*

## FIN 303:1999 SCHEDULE AND ASSIGNMENTS

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**Tuesday**, January 12 and **Thursday, January 14, 1999**

Sessions #1 and #2

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

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Tuesday, January 19 and Thursday, January 21, 1999

Sessions #3 and #4

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

Thursday, Quiz #1 on **Chapters** 1 and 2

Tuesday, January 26 and Thursday, January 28, 1999

Sessions #5 and #6

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

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

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Tuesday, February 2 and Thursday, February 4, 1999

Sessions #7 and #8

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

Thursday, Quiz #3 on Chapter 6

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Tuesday, February 9 and Thursday, **February** 11, 1999

Sessions #9 and #10

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

**Thursday**, Quiz #4 on Chapter 7

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Tuesday, February 16 and Thursday, February 18, 1999  
Sessions # 11 and # 12

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

Thursday, Quiz #5 on Chapter 8

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Tuesday, February 23 and Thursday, **February** 25, 1999  
Sessions # 13 and # 14

Tuesday, February 23: REVIEW FOR **MIDTERM**  
Thursday, February 25: **MIDTERM EXAMINATION**

Begin reading next week's assignment:

Tuesday, March 2 and Thursday, March 4, 1999  
**Sessions # 15 and # 16**

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

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Tuesday, March 9 and Thursday, **March** 11, 1999  
Sessions # 17 and # 18

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

Thursday, Quiz #6 on Chapters 11 and 12

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Tuesday, March 16 and Thursday, March 18, 1999  
Session # 19 and #20

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

Thursday, Quiz #7 on Chapters 13 and 14

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**Tuesday, March 23 and Thursday, March 25, 1999: SPRING BREAK**

**Tuesday, March 30 and Thursday, April 1, 1999,  
Sessions #21 and #22**

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

**Thursday, Quiz #8, Chapter 15**

**Tuesday, April 6 and Thursday, April 8, 1999**  
**Sessions #23 and #24**

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

## Thursday, Quiz #9, Chapter 16

**Tuesday, April 13 and Thursday, April 15, 1999**  
**Sessions #25 and #26**

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

**Thursday, Quiz #10, Chapter 17**

**Tuesday, April 20 and Thursday, April 22, 1999**  
**Sessions #27 and #28**

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

## Thursday, Quiz # 11, Chapters 18 and 19

**Tuesday, April 27 and Thursday, April 29, 1999**  
**Sessions #29 and #30**

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

## Thursday, Quiz # 12, Chapters 20 and 21

**FINAL EXAMINATION SCHEDULE WILL BE ANNOUNCED**

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED