Standard Course Outline
FIN 350 Investment Principles

1. General Information:
   Units: 3 credits
   Prerequisites: FIN 300.
   SCO Prepared by: Dr. Pia Gupta
   Date Prepared: March 2016

2. Catalog Description:
   Investment markets and transactions; sources of investment information; return vs. risk; margin trading and short selling; investment planning; investing in equities and fixed income securities; speculative tax-sheltered investments; gold and other tangibles; portfolio management. Demonstrations and use of microcomputer technology. Letter grade only (A-F). Course fee may be required. Information on fees related to this course can be found here.

3. Curriculum Justification:
   The course is aligned with the CBA learning goals of critical thinking, business functions, quantitative and technical skills, interpersonal, leadership and team skills.

4. Course Objectives:
   **Skill- and Content-specific Goals** of this course are:

   **Critical Thinking**
   Students will be able to integrate and apply their conceptual and theoretical knowledge of investment management to identify securities, create portfolios and develop portfolio management techniques, and be able to use evaluation measures to audit portfolio performance.

   **Business Functions:**
   Students will learn to analyze the role of financial markets and the fundamentals of how they work. They will also understand the role of finance professionals such as mutual fund managers, hedge fund managers, financial advisors, financial analysts and pension plan administrators.

   **Quantitative and Technical Skills:**
   Students will possess quantitative and technical skills enabling them to improve investment management decisions as investors and as professionals in the financial markets. Students will demonstrate that they can make decisions based on quantitative analysis using the principles, concepts, and techniques through their performance on exams, homework assignments, cases and research projects.

   **Interpersonal, Leadership Skill and Team Skills:**

   1. Students will generate team/group decision-making through managing interpersonal conflict, negotiating and integrating their skills with team members to produce investment decisions and deliver oral presentations.
2. Students will demonstrate that they understand the common errors in team/group decision making and should be able to resolve them as a team.

5. **Outline of Subject Matter:**

Topics to be covered in this class typically include:

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<th>Topics</th>
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<tr>
<td><strong>1. Investment background and overview of financial instruments and securities markets:</strong> The Investment Process and Financial Concepts: Introduction to Investments, Securities Markets, Investment Companies (Mutual Funds), Real Estate Investment Trust (REIT) and Exchange-Trades Funds (ETFs), Stock Indexes; Margin trading, short-selling.</td>
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<td><strong>2. Security analysis - Common stocks</strong>: Fundamental approach (Top-down, Bottom-up), Financial Statement analysis, Macroeconomic environment for investment decisions, Valuation of common stock; Behavioral Finance and Technical Analysis; The Efficient Market Hypothesis.</td>
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<td><strong>3. Security analysis - Preferred stocks and bonds</strong>: Valuation of Preferred Stocks. Valuation of Bonds, Yield to maturity, Bond Price Theorem, Bond Duration, Bond portfolio duration, Modified duration; Holding Duration, Bond portfolio management: Immunization; Convertible Bonds, Convertible Preferred stocks, Bond Ratings; The Term Structure of Interest Rates.</td>
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<td><strong>4. Portfolio theory, risk analysis and asset allocation</strong>: Measurement of portfolio Risk and Return (Harry Markowitz Model), Risk reduction through Diversification, the Efficient Frontier; The Capital Asset Pricing Model, Beta Coefficients, Security and portfolio performance evaluation (Sharpe Index, Treynor Index, Jensen Index).</td>
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<td><strong>5. DERIVATIVES</strong>: Option Valuation and Strategies: Buy calls, Buy puts, write calls, write puts, Straddles, Spreads, Black-Scholes option valuations, put-call parity, The Hedge Ratio</td>
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6. **Methods of Instruction:**


Instructors in planning the exams, and other grading procedures, should adhere to the relevant University Policy on “Grades, Grading Procedures, and Final Assessments, Final Course.”

The textbooks for this course should be chosen in accordance with the University Policy on textbooks. There are many appropriate textbooks for this course; it is generally agreed that none of them is perfect. The following suggestion is based on the special nature of this core MBA course:

- Students will arrive at this course with extraordinary range of backgrounds; and therefore prior knowledge will be highly variable, however,
- Students will have a level of maturity that will enable them to look at a broader picture via more advanced cases, simulations, group projects and
- Examinations must be essay-type and/or problem solving questions and avoid the use of multiple-choice questions.

Recommended Textbooks:
- Essentials of Investments (8th Ed.), Zvi Bodie, Alex Kane, Alan J. Marcus (McGraw-Hill)

7. Instructional Policies:

Instructors may specify their own policies with regard to grading, class-room behavior, make-up exam, withdrawal, academic integrity, absences, etc., as long as these policies are consistent with the University policies.

The students are expected to comply with the universally accepted norms of considerate and courteous behavior, and with all University rules and policies found in the current University Catalog. It will be assumed that the students will adhere to the tenets of academic integrity as articulated in Dean’s Letter on Academic Integrity throughout this course.

**Students with Disabilities:** Students with disabilities are responsible for notifying their instructor as early as possible of their needs for an accommodation of a verified disability. A student with a disability is urged to consult with Disabled Student Services as soon as possible in order to identify possible accommodations to enhance academic success.