

***Dixie State College – Udvar-Hazy School of Business***  
***FIN3750 – Introduction to Investments***

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Office hours: TR 9:00-11:00 A.M. & by appointment  
Class Schedule: TR, 7:30:00-8:50

**Pre-Requisites:**

FIN 3150 (Managerial Finance I)

**Required Materials**

1. \*Zvi Bodie, Alex Kane and Alan J. Marcus, 2007, *Essentials of Investments*, 6<sup>th</sup> edition.  
\*A custom ordered book is available in the DSC Bookstore.<sup>1</sup>
2. A financial calculator (see below).

**Overview**

This course is designed to explain the substantive parts of investment theory with application to practice. This course is based on theory. In my view theory explains the “why” in financial decision making. Although we explore applied knowledge, even the most successful student will still require some training to show the “how” in an investment profession. When the “why” is known, the “how” is more deeply understood.

Although most of the descriptive material necessary for the study of investment theory will be discussed, more emphasis will be placed on the analytical and quantitative methods developed in recent years. The underlying theme is the valuation of financial securities. The ultimate goal is to develop critical thinking so as to evaluate dispassionately the merits and demerits of different securities and security derivatives. An ancillary goal of this class is to put you on track for CFA certification.

I recommend that you regularly read the Wall Street Journal, Barron’s, or similar publications to increase your understanding of business and finance. Please feel free to ask any questions you have related to this reading.

**Course Objective**

1. Understand the financial environment
2. Improve your financial vocabulary
3. Increase your analytical skills
4. Know how to determine and assess the value of a financial security (stock, bond, option, etc.)
5. Relate risk to return and recognize arbitrage opportunities
6. Simulate portfolio management and investing activities
7. Discuss common ethics issues relating to personal and agent investing

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<sup>1</sup> The custom book has one primary advantage which is price. Only the chapters studied in class are printed and the printing is lower quality and in soft-back only. However, a custom book is not re-sellable on the broad market. If you choose to sell it back at the end of the semester, the bookstore will purchase it or you can sell it to another student on campus.

**Attendance**

You are not required to attend every class and I will not penalize you for absences. However, you are responsible for all material presented in class, regardless if you were present or not. This includes instructions on assignment format and turn-in procedures. If you miss class, I will be glad to tell you what material you may have missed but I will not re-teach it. In addition, extra credit may be awarded for participation in class activities. Occasionally extra credit is awarded for in-class exercises.

**Homework:**

You will have several homework problem assignments to help develop your analytical abilities and to increase your understanding of finance. You may work together with other students on these assignments, but all assignments must be submitted on an individual basis. Each assignment must be submitted at the beginning of class on the day it is due. You may receive less than full credit for late assignments. Your homework will be graded on a completion basis only. You will receive full credit for attempting to complete all of the problems (and you turned the assignment in on time) regardless of whether your answers are correct. To receive credit for any problem, you must show all necessary equations and steps, as applicable.

**Examinations:**

There will be three closed-book exams. You may use a financial calculator during these exams. Full credit will be awarded for all correct answers and partial credit will be awarded as deemed appropriate by your instructor.

**Presentation:**

In anticipation of further growth at Dixie State and the addition of a Portfolio Practicum class, you will have the opportunity to analyze and present an industry and company analysis on a publicly traded stock. Class selected stocks will be included in a portfolio and tracked over the next year. More details of this project will be discussed in class.

**Course Grade Computation:**

Your course grade is based on a point system. The point allocation for exams and homework is:

	Points	Points	Grade
Participation	10/5	>93	A
Homework	15	90 to 92.9	A-
Problems		87 to 89.9	B+
Presentations,	20	83 to 86.9	B
Quizzes, Reports		80 to 82.9	B-
Exam 1	15	77 to 79.9	C+
Exam 2	15	73 to 76.9	C
Exam 3	20	70 to 72.9	C-
Total Possible	<u>105/100</u>	<70	D

## **Spreadsheets and Financial Calculator:**

While spreadsheet tools will be taught in this course, base familiarity is required. A financial calculator is also essential in this class and in all advanced finance classes. I do not recommend any specific model or brand; however, a scientific calculator does not have the necessary functions for this course. I can provide general assistance with your calculator but I do not know all functions on all calculators. You are responsible to learn the functions on your own calculator. I use a Texas Instruments BA II Plus.

## **How to do well in this course:**

- Come to class. Participate in class discussions. Take notes. Get to know others in the class.
- Do all the assigned readings, homework assignments, and suggested study problems and questions.....Quizzes will not be hard if you are doing the readings.
- Stay current! It is important that you review class notes on a routine basis in order to identify things you don't understand or may need help with. I recommend that you review your class notes at least once a week. Don't wait until the weekend prior to a test. That's not the best time to realize that you don't understand something.
- Come in during office hours or make an appointment to meet at our offices whenever you're having difficulty or have questions you would like to discuss outside of class.
- Form or join and participate in a study group.

## **Class Communication/Rebelmail**

Important class and college information will be sent to your Rebel mail email account. This information includes your DSC bill, financial aid/scholarship notices, notification of dropped classes, reminders of important dates and events, and other information critical to your success in this class and at DSC. All DSC students are automatically assigned a Rebelmail email account. If you don't know your user name and password, go to [www.dixie.edu](http://www.dixie.edu) and select "Rebelmail," for complete instructions. You will be held responsible for information sent to your Rebelmail email, so please check it often.

## **Americans with Disability Act**

Dixie State College and the Udvar-Hazy School of Business seek to provide equal access to its programs, services, and activities to people with disabilities. If you will need accommodations in this class, reasonable prior notice needs to be given to the instructor and to the Disability Resource Center (SSC, room 201, 652-7516) to make arrangements for accommodations. All written information in this course can be made available in an alternative format with prior notification to the Disability Resource Center.

## **Scholastic Behavior**

All students are expected to uphold standards of academic honesty. Failure to uphold school policies relating to behavior (plagiarism, cheating, etc.) may result in failure of and/or expulsion from the class. Follow Lou Holtz's creed of do your best, do what is right, and treat others how you want to be treated and you won't have any problems.

## Investment Challenge

As a class we will be participating in a stock market game. Class members will choose a limited number of stocks to invest in. A few Wall St. analysts will participate as well. It is important that you sign up and participate. Class discussions and a couple of assignments will center on your investment portfolio. Our emphasis will be less on the results produced by your paper investments, but more on understanding and utilizing the concepts/principles we learn about in class. The investment challenge can be found at the following link:

<http://www.wallstreetsurvivor.com/Public/Members/Register.aspx?partnerTournamentID=9669>

Please use your name as your Survivor Name so that we can readily identify class participants.

## Approximate Schedule

<u>Topic</u>	<u>Chapter</u>
• Introduction	1
• Financial Securities	2
• Security Analysis	
- Macroeconomic and industry analysis	11
- Equity valuation models	12
- Financial Statement Analysis	13
	Presentations
	Exam 1
• Portfolio Theory	
- Risk, expected return, risk aversion	5
- Efficient Diversification	6
	Exam 2
	Portfolio Creation
- Capital Asset Pricing Model	7
- Market efficiency and empirical evidence	8
• Options, Futures, and other derivatives	
- Options markets	14
	Final Exam