

**FIN 5553  
Investment Analysis  
Spring 2011**

**Course Information**

**Instructor:** Stephen Pool  
**Meets:** Thursdays 7:00PM to 9:45PM  
**Location:** Bloch School Building – Room 8  
**Credit Hours:** 3.0  
**Prerequisite:** BA 5532 or FIN 5532 or Equivalent

**Text:** Investments, 9<sup>th</sup> Edition, by Bodie Kane Marcus, McGraw Hill Irwin Pub.

There will also be a subscription to Stock-Trak, a web-based portfolio-management simulation. The subscription costs \$28.95.

Also, from time to time, there may be additional reading material posted to Blackboard or handed out during class.

**Contact / Office:** I do not have an office on the UMKC campus; however, my schedule is fairly flexible, so meeting with me before or after class can usually be accommodated. My contact information is as follows: E-mail is my preferred method of communication and the quickest way to reach me.

[pools@umkc.edu](mailto:pools@umkc.edu) (Primary)  
[sdp@americancentury.com](mailto:sdp@americancentury.com) (Secondary – Daytime)

816-340-7977 (Office / voicemail)  
913-522-4798 (Mobile / voicemail)

**Course Description**

Development of a theoretical framework applicable to the solution of problems related to creation and management of the investment portfolio. Consideration is given to the analysis of risk, functions of security markets, sources of information, evaluation of securities, and measurement of investment return.

**Course Objectives**

This course is intended to provide the student a fundamental understanding of the language, philosophies, and vehicles used to build and manage investment portfolios. The course will cover aspects of investments utilized by both individual and institutional investors. Upon completing this course, students should:

- Be able to research and evaluate the merits of individual securities and/or portfolios
- Be able to build an investment portfolio based on one, or more than one, investment strategy
- Understand and apply risk/return measurement criteria to investment securities and portfolios
- Understand how behavioral and technical investment factors influence security selection and portfolio construction
- Understand multi-factor modeling, and quantitative vs. fundamental portfolio management
- Understand broad stock and bond market behaviors (their relationship to government, their influence on everyday life, and their reaction to geopolitical and economic information)
- Be able to articulate any or all of the above via oral and/or written presentations

## **Course Grading**

Grades will be determined by the following criteria, weights, and scale:

Exam #1	30%
Exam #2	30%
Exam #3	30%
Stock-Trak Portfolio Exercise	10%

Exams consist of questions (multiple-choice, true/false, short answer) and mathematical problems.

93-100 = A	80-82 = B-	67-69 = D+
90- 92 = A-	77-79 = C+	63-68 = D
87-89 = B+	73-78 = C	60-63 = D-
83-86 = B	70-72 = C-	0-59 = F

The final letter grades will be based on a curve, with the highest class score equating to a 100%.

## **Additional Course Policies**

Attendance:	Attendance is not required for this class, and no grade will be assigned for attendance, or lack of. However, due to the difficulty of the material, regular attendance is highly encouraged.
Make-Up Exams:	Every attempt should be made to take exams as scheduled. Rescheduling of exams will be made on a case-by-case basis. Please note that make-up exams may, or may not, consist of the same questions given on the regular exam.
Class Participation:	It is expected that students will actively participate in class discussions. Please prepare accordingly.
Academic Honesty:	Plagiarism, cheating, and falsification of information will not be accepted, and is subject to official school policy. If there are questions on appropriate use of information, or citation of references, please ask. A copy of UMKC's official policy can be found in the <u><a href="#">UMKC General Catalog</a></u> .

## **Stock-Trak Portfolio Simulation**

As mentioned above, a subscription to Stock-Trak will be part of the course. Stock-Trak is an online portfolio simulation, designed to simulate a real-world look into managing a portfolio of securities.

<http://www.stocktrak.com/>

During the semester, students will run an individual portfolio of securities and should be prepared to discuss results and events with the class. Full details about the project and student expectations will be given once class meets. Cost for the semester is \$29 and there is a \$5 coupon in the textbook.

**Class Schedule****As of: 1/13/2011 \*\***

<u>Date</u>	<u>Topic(s)</u>	<u>Chapter(s)</u>
Jan 13	Introductions, Expectations	1: The Investment Environment 2: Asset Classes & Financial Instruments
Jan 20	Investment Environment 'Stock-Trak' Exercise Mutual Funds / ETFs	3: How Securities are traded <a href="#">Details for Portfolio Simulation Project</a> 4: Mutual Funds & Other Investment Companies
Jan 27	Intro to Risk & Return Risk Aversion & Allocation	5: Risk and Return from the Historical Record 6: Risk Aversion & Capital Allocation to Risky Assets
Feb 03	Risk & Return Cont'd Exam Review	7: Optimal Risky Portfolios
<b>Feb 10</b>	<b>Exam #1: (Chapters 1-2-3-4-5-6-7)</b>	
Feb 17	Market Equilibrium New Trends in Investments	9: The Capital Asset Pricing Model 11: Efficient Market Hypothesis
Feb 24	New Trends in Investments Technical Analysis/Charting	12: Behavioral Finance & Technical Analysis Charting (Technical) – Non-Book
Mar 03	Fixed Income Interest Rates & Yields	14: Bonds: Prices and Yields 15: The Term Structure of Interest Rates
Mar 10	Fixed Income Portfolios Economic Analysis	16: Managing Bond Portfolios 17: Macro-economic & Industry Analysis
<b>Mar 17</b>	<b>Exam #2: (Chapters 9-11-12-14-15-16-17)</b>	
Mar 24	Stock-Specific Research Financial Statements	18: Equity Valuation Models 19: Financial Statement Analysis
<b>Mar 31</b>	<b>* Spring Break – No Class</b>	
Apr 07	Options & Derivatives Futures & Contracts	20: Options Markets Introduction 22: Futures Markets
Apr 14	Futures Cont'd Applied Portfolio Management	23: Futures Swaps and Risk Management 24: Portfolio Performance Evaluation
Apr 21	International Investing Financial Planning	25: International Diversification 28: Policy Framework, CFA Institute
Apr 28	Final Exam Review	
<b>May 05</b>	<b>Exam #3: (Chapters 18-19-20-22-23-24-25-28)</b>	

**\*\* Additional Note**

Time, weather, class-discussion, my travel schedule, and other unforeseen events may necessitate changes to the class schedule. I will explain any changes with as much lead time as possible. However, it is still the student's responsibility to keep up with any such changes throughout the semester.