BA 5553
Investment Analysis
Fall 2007

Course Information

Instructor:	Stephen Pool
Meets:	Thursdays 7:00PM to 9:45PM
Location:	Bloch School, Room 12
Credit Hours:	3.0
Prerequisite:	BA 532 or Equivalent

Text: Bode, Kane, and Marcus. Investments, 7th Edition, McGraw Hill Irwin

There will also be a subscription to Stock-Trak, a web-based portfolio-management simulation.

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. Also, I can be reached at the following numbers and e-mails. E-mail is my preferred method of communication and the quickest way to reach me.

sdp@americancentury.com	(Days)
sdpkc@everestkc.net	(Evenings)
stephen.pool@avila.edu	(Avila e-mail)
816-340-7977	(Office Phone / voicemail)
913-522-4798	(Mobile Phone / 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	25%
Exam #2	25%
Exam #3	25%
Mock Portfolio: Class Paper/Presentation	25%

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

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 to 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 will be 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 UMKC General Catalog.

Additional Reading *(Not Required for Class)*

These texts are not required for class. However, they will be cited often and material from them might end up on an exam. Any material used from these texts for exam questions will be handed out during class lecture in paper form or posted on BlackBoard for download.

- Schleifer, Andrew. Inefficient Markets – An Introduction to Behavioral Finance, Oxford University Press, 2000.
- Thaler, Richard H. Advances in Behavioral Finance, Russell Sage Foundation, 1993.
- Mandelbrot, Benoit B., and Hudson, Richard L. The Misbehavior of Markets, Basic Books, 2004.
- O'Neil, William J. How to Make Money in Stocks, McGraw Hill, 2002.
- Derman, Emanuel. My Life as a Quant – Reflections on Physics and Finance, John Wiley & Sons, 2004.
- Grinold, Richard C. and Kahn, Ronald N. Active Portfolio Management – A Quantitative Approach for Producing Superior Returns and Controlling Risk, 2nd Edition, McGraw Hill, 2000.

Class Schedule

Date	Topic(s)	Chapter(s)
Aug 23	Introductions, Expectations Online Portfolio Simulations	1: Investment Environment 2: Asset Classes & Financial Instruments
Aug 30	Investment Environment	3: How Securities are Traded 4: Mutual Funds and Other Investments 5: Learning About Risk and Return
Sep 6	Risk and Return Indexes Exam Review	6: Risk Aversion and Capital Allocation 7: Optimal Risky Portfolios 8: Index Models
Sep 13	Exam #1: Chapters 1-8	
Sep 20	Market Equilibrium Market Efficiencies	9: The Capital Asset Pricing Model 10: Arbitrage Pricing & Multi-Factor Models 11: Efficient Markets Hypothesis
Sep 27	New Trends in Investments	12: Behavioral Finance & Technical Analysis
Oct 4	Introduction to Fixed Income	13: Empirical Evidence on Security Returns 14: Bond Prices and Yields
Oct 11	Fixed Income Securities Exam Review	15: The Term Structure of Interest Rates 16: Managing Bond Portfolios
Oct 18	Exam #2: Chapters 9-16	
Oct 25	Industry/Econ Environment Equity Valuation	17: Macroeconomic & Industry Analysis 18: Equity Valuation Models
Nov 1	Income Statements, etc	19: Financial Statement Analysis
Nov 15	Options/Derivatives	20: Options Markets: Introduction 21: Option Valuation
Nov 22	Thanksgiving Break	
Nov 29	Futures Mock Portfolios	22: Futures Markets Class Presentations
Dec 6	Mock Portfolios & Exam Review	Class Presentations
Dec 13	Final Exam	

Additional Note

Time, schedule, and other unforeseen events may necessitate changes to the syllabus and/or class schedule. I will explain any changes as required; however, it is the student's responsibility to keep up with such changes throughout the semester.