

Finance 410: Investment Analysis (Summer 2016)

Michael Farrell

Gatton Room 283 Weekdays 12:30 – 14:30

June 9 – July 8 2016

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Office Hours: after class, or by appointment

Course Overview and Objectives

FIN 410 is an introductory course on investments for finance majors. The course will focus on the characteristics, valuation, and trading of stocks, bonds, options, and futures. It is intended primarily for finance majors and other upper-division B&E students for whom specific finance courses are required.

By the end of the semester you should have the following skills and knowledge:

- 1) understand the risks and potential rewards available in stocks and other financial instruments,
- 2) be familiar with the investing process and the operations of financial markets,
- 3) know how to formulate appropriate investment strategies, and
- 4) gain experience in actually making investment decisions.

Course Prerequisites

Finance majors who have completed FIN300 (with a grade of C or better), ACC300 (or ACC301 and concurrent enrollment in ACC302), and ECO391. Any student enrolled in this course not satisfying the prerequisites will be dropped from the class roll without further notice unless the prerequisite waiver process has been satisfactorily completed. For further assistance please contact the Undergraduate Resource Center.

Academic Integrity

Students are expected to adhere to University policy on cheating and plagiarism in all courses. The minimum penalty for a first offense is a zero on the assignment on which the offense occurred. If the offense is considered severe or the student has other academic offenses on their record, more serious penalties, up to suspension from the University may be imposed.

Part II of Student Rights and Responsibilities (available online <http://www.uky.edu/StudentAffairs/Code/part2.html>) states that all academic work, written or otherwise, submitted by students to their instructors or other academic supervisors, is expected to be the result of their own thought, research, or self-expression.

Students may discuss assignments among themselves or with an instructor or tutor, but when the actual work is done, it must be done by the student, and the student alone.

Excused Absences

Students need to notify the professor of absences prior to class. Senate Rule 5.2.4.2 defines the following as acceptable reasons for excused absences: (a) serious illness, (b) illness or death of family member, (c) University-related trips, (d) major religious holidays, and (e) other circumstances found to fit “reasonable cause for nonattendance” by the professor. Students will be asked to provide “appropriate verification” of their absences. A Tier 3 document will be accepted, but please note that steps will be taken to confirm the authenticity of any documentation. The authenticity must be confirmed in order for the absence to be considered excused.

Students anticipating an absence for a major religious holiday are responsible for notifying the instructor in writing of anticipated absences due to their observance of such holidays no later than the last day in the semester to add a class. Information regarding dates of major religious holidays may be obtained through the religious liaison, Mr. Jake Karnes (859-257-2754).

Accommodations Due to Disability

If you have a documented disability that requires academic accommodations, please see me as soon as possible during scheduled office hours. In order to receive accommodations in this course, you must provide me with a Letter of Accommodation from the Disability Resource Center.

Required Materials

1) Textbook

[Fundamentals of Investments: Valuation and Management, Seventh Edition](#), by Jordan, Miller, and Dolvin (Irwin/McGraw-Hill 2015).

2) Canvas

I will post relevant material on Canvas. This includes selected PowerPoint slides, assignments, and other information.

3) Investopedia Portfolio Simulation

Each student must register for the Investopedia Portfolio Simulation. It's free to sign up but don't do this more than once. You will receive \$500,000 in a virtual brokerage account. This virtual cash will be used to manage a portfolio for the duration of the class. You will have the opportunity to trade stocks, options, futures, bonds, mutual

funds, and ETFs. Your portfolio simulation grade is based on the completion of specified assignments.

Please use the link in Canvas when you register. When you complete the registration form, use your name (FirstLast) as your username. Let "First" be the name that you prefer to be called.

4) CFA Institute's Online Ethics Course

This seven-module course is designed to familiarize participants with the CFA Code of Ethics (Code) and Standards of Professional Conduct (Standards) and reinforce ethical behavior in the global investment management industry. The ethical principles presented in this course will provide you with a frame of reference for ethical behavior for all investment professionals, heighten your awareness of how you recognize and respond to ethical dilemmas, and empower you to respond to ethical dilemmas in an appropriate manner. This online course consists of seven modules (each about 50 minutes long), one for each Standard. It is designed to familiarize participants with the CFA Code and Standards and reinforce ethical behavior in the global investment management industry. It is accessible for free at:

<http://www.cfainstitute.org/learning/products/onlinelearning/Pages/62901.aspx>

5) Financial Calculator

A financial calculator is particularly useful in solving certain types of problems and is highly recommended. Calculators that can store customized data (TI-84, etc.) will not be permitted during exams.

Schedule

1) Assignments

There will be at least three assignments during the course. I'll give you at least a week to complete them. The due dates will be posted on Canvas.

2) CFA Ethics Module

You must complete the following CFA modules. Documentation of completion of the modules must be submitted no later than the start of class on the due date. A screen shot will serve as documentation of completion. Be sure to include your name, date, and modules completed when you submit the documentation. Due dates are as follows: modules 1-2 on June 15, modules 3-5 on June 22, and modules 6-7 on June 29. Documentation will be accepted early, but no credit will be given for late assignments.

Module
1 - Standard I – Professionalism
2 - Standard II – Integrity of Capital Markets
3- Standard III – Duties of Clients
4 - Standard IV – Duties to Employers
5 – Standard V – Investment Analysis, Recommendations, and Actions
6 – Standard VI – Conflicts of Interest
7 – Standard VII – Responsibilities as a CFA Institute Member or CFA Candidate

3) Investopedia Stock Simulation Assignments

Investopedia Stock Simulation assignments are due no later than 11:59 pm on the due date (see Investopedia Stock Simulation handout for specific dates). To receive credit for these assignments you must complete the assignment and log your completion through Canvas. The document must include your name, date, and section number (either at the top of the document or as a separate cover sheet). You can complete the assignments early, but no credit will be given for completing the assignment late.

Grading

1) Exams

There will be two noncumulative midterms and a noncumulative final. Each exam is worth 25 points. Exam format is multiple choice. Exam dates are given below. ABSOLUTELY NO make-up exams will be given except for documented excused University absences. The student should notify the instructor before the exam if the exam will be missed and must provide a documented excuse (as defined in Student Rights and Responsibilities) to the instructor.

2) Stock Simulation and CFA Ethics Modules

The Stock Simulation and CFA assignments will be spread throughout the semester. These assignments can be completed early, but no credit will be given for late assignments.

3) Homework

There will be periodic assignments designed to enhance your understanding of the concepts presented in the lectures. You will have at least one week to complete them once they are

assigned.

- 4) Mid-term grades will be posted in myUK by the deadline established in the Academic Calendar (<http://www.uky.edu/Registrar/AcademicCalendar.htm>)

5) Grading Scheme

Component	Date	Points
Assignments		15
Stock Simulation		5
CFA Ethics Modules		5
Exam 1 (chapters 1, 2, 5 & 6)**	June 20**	25
Exam 2 (chapter 4, and 14, 15)**	July 1**	25
Final Exam (chapters 9, 10, 11, and 12)**	July 8	25

Grade	Total points
A	90-100 points
B	80-89 points
C	70-79 points
D	60-69 points
E	Fewer than 60 points

**Please note that exam dates and exact material covered are subject to change. They are dependent upon the speed at which the material is covered in class as well as unforeseeable events.