Course Number: FI 449 PA
Course Title: Investment Analysis
Course Time Frame: TH, 2:00-3:20 P.M.

Instructor: Dr. Tanja Steigner
Office: Cremer Hall, Room 410
Telephone: (620) 341-6932
E-mail: tsteigne@emporia.edu

Office Hours: Tuesday/Thursday: 11-11:30 & 3:30-4:00
Wednesday: 12-3
And by appointment!

Course Description and Objectives:
This course provides a thorough coverage of some of the most important conceptual and practical tools required to effectively invest in financial assets. It introduces students to the two main aspects of the investment process. These are asset allocation, which deals with the allocation of funds across different asset classes, and investment analysis, dealing with the analysis of the value of individual assets and the selection of individual assets.

At the end of this course students should understand the different types of financial markets and their various instruments and trading mechanisms, the measurement of risk and return and the management of the risk-return tradeoff, and the analytical techniques used in the valuation of financial assets.

Is this Course Right for You?
Much of the material that we will cover is at the center of the work underlying three Nobel prizes that financial economists have received: Markovitz’s portfolio selection theory, Sharpe and Lintner’s Capital Asset Pricing Model and Black and Scholes’ and Merton’s Option Pricing Model. You need the ability to concentrate on intellectually challenging concepts for an extended period of time and the discipline to keep up with an unusually high workload to succeed in this class. The course is designed to build on your base from FI 330, as well as your accounting and macro- and micro-economic classes, and to advance you toward the goal of a beginning career or winning a place in graduate school. This is not the right course to start learning finance.

Pedagogy
This course is a challenging one. Students wishing to do well should be prepared to put more effort into this course than they are, perhaps, accustomed to exerting. At the very least, you should read the relevant chapters prior to each class. I will, in my presentations, assume that you have done so.
Supplementary Course Material:
Supplementary material such as ppt slides, practice problems, and assignments will be posted on Blackboard. This course’s Blackboard site is the main medium for out-of-class communication with students. Students should check it regularly.

Required Material:

Calculator: A business calculator (financial or scientific) is required. The sharing of calculators during exams is not permitted.

Newspapers: Wall Street Journal. Many articles relevant to this course will appear in the WSJ on a regular basis and it is at the instructor’s discretion as to when we will discuss, so please keep up.

Wall Street Survivor: Subscription to the free-of-charge Wall Street Survivor investment game is required. More information will be supplied in class and via Blackboard.

Course Evaluation Process:
Exams (60%): There will be five exams and the lowest exam score is being dropped. Each of the remaining four exams will count 15% towards your overall course grade. The exams will consist of a combination of definition/concept questions and problems. The questions and problems are designed to test your understanding of both fundamental and more complex topics covered in the lectures and/or contained in the text. Exams 1 through 4 are not comprehensive; the final exam (Exam 5) is comprehensive.

All exams are closed books, closed notes. You are strongly encouraged to bring a pocket calculator (financial or scientific) and a one-page single sided and hand-written formula sheet to each exam. The formula sheet may ONLY contain formulas – it may not include notes or sample problems. You are required to turn in your formula sheet with each exam. If you include anything other than formulas (e.g., example problems) you will loose all the points from any problems on the test that the additional material or example problem might have assisted you in answering plus your exam score will be lowered by an additional 10 percentage points (out of 100 percentage points possible on each exam).

Project (25%): Specific instructions will be available in class and via Blackboard.

Homework Assignments (15%): All problems that are outlined in the course schedule are mandatory homework problems that need to be turn in either electronically (please use doc extension, not docx – thanks) or in class. The homework assignments are typically due the class following the conclusion of a particular chapter (e.g., Chapter 2 homework is due January 28). However, homework assignments for chapters immediately preceding an exam are due the last day that chapter is covered (e.g., Chapter 5 homework is due February 9).
**Appeal Process:** Grading errors should be corrected. Appeals must be made in writing within one week of the date the graded material is first made available. The appeal must describe what needs to be reexamined and why the original grade was incorrect. In general, however, the entire document will be checked for grading errors, and correcting these could either raise or lower the overall score.

**There is no extra credit project in this class.**

**Grading Scale:**
Course Grades will be assigned using the following system:

- A = 90-100
- B = 80-89
- C = 70-79
- D = 60-69
- F = <60

Your final course grade is computed using the following process:

\[(\text{Exam 1} \times 0.15) + (\text{Exam 2} \times 0.15) + (\text{Exam 3} \times 0.15) + (\text{Exam 4} \times 0.15) + (\text{Homework Score} \times 0.15) + (\text{Project Score} \times 0.25)\];

Note that this process assumes that the lowest exam score to be dropped is Exam 5.

Numerical Example:
\[(80\times0.15) + (85\times0.15) + (88\times0.15) + (70\times0.15) + (90\times0.15) + (90\times0.25) = 79.95\]

= 80 = B

Note: All final scores with decimals 0.4 or lower will be rounded down (e.g., 79.3 = 79 = C), and all final scores with decimals 0.5 or higher will be rounded up (e.g., 79.6 = 80 = B).

**Attendance Policy:**
Your attendance in this course is required to ensure that you get the most out of it. The instructor reserves the right to withdraw any student from class without warning if the student misses class meetings. The material for which you are responsible each meeting is contained in the course outline that is attached to the end of this syllabus. The instructor also reserves the right to withdraw students from class who demonstrate disruptive behavior (e.g., repeated tardiness or early exit). As a matter of courtesy to your peers, students must turn off cell phone ringers and beepers during class.

**Email Correspondence:**
The easiest way to communicate with me if I am not in my office is via email. I always attempt to respond to all eligible emails within 24 hours (during regular business days); it might take longer during weekends, holidays, or breaks. If you do not receive a response within the indicated time frame, double-check if you followed the email guidelines as listed below and correct any mistakes (if applicable). If your format is in accordance with the listed guidelines and
you still do not receive a response within the indicated time frame, you must assume that I did not receive your message.

Guideline on how to send an email message:
1) Use your ESU email account only
2) In the subject line, indicate the course number and subject (e.g., FI 449 – Chapter 2 HW – Student Name)
3) Include a greeting (e.g., Dear Dr. Steigner, Dr. Steigner, etc.)
4) Include your name at the bottom (e.g., Regards, Student X)

University Policies:

EMERGENCY PREPAREDNESS: In the event of a tornado evacuation from the classroom, use the stairwell in the middle of the building and go to the first floor hallway. If anyone needs special assistance to get down the stairs, please let the professor know the first day of class so that we can arrange for class members to be prepared to help you.

ACADEMIC DISHONESTY: At Emporia State University, academic dishonesty is a basis for disciplinary action. Academic dishonesty includes, but is not limited to, activities such as cheating and plagiarism (presenting as one’s own the intellectual or creative accomplishments of another without giving credit to the source or sources). The faculty member in whose course or under whose tutelage an act of academic dishonesty occurs has the option of failing the student for the academic hours in question and may refer the case to other academic personnel for further action. Emporia State University may impose penalties for academic dishonesty up to and including expulsion from the university. This policy is provided according to the Kansas Board of Regents directive. The student has the right to appeal the charge of academic dishonesty in accordance with the university’s Academic Appeals Policy and Procedure as set forth in Section 9A-04 of the Faculty Handbook.

STUDENTS WITH DISABILITIES: Emporia State University will make reasonable accommodations for persons with documented disabilities. Students need to contact the Director of Disability Services and the professor as early in the semester as possible to ensure that classroom and academic accommodations are implemented in a timely fashion. All communication among students, the Office of Disability Services, and the professor will be strictly confidential. Office of Disability Services is located at 001 Memorial Union. Contact info: (620) 341-6637, (620) 341-6646 TTY, or email disabser@emporia.edu.
Class Schedule – Subject to change if necessary (changes will be announced on Blackboard)

Part I. Course overview, market basics, and portfolio theory

1/13-20 Chapter 1 Background (Why, what, who, where, and how?)
Problems: 1-2, 7, 11, 13-14, 16

1/25-27 Chapter 2 Asset Classes and Financial Instruments (What?)
Problems: 1-4, 6-11, 13

2/1-3 Chapter 3 Security Markets (Where and How?)
Problems: 1-4, 6-10, 13, 16-17, 19-21

2/8-10 Chapter 5 Risk and Return (Why?)
Problems: 1-5, 9-13, 16, 18-23, 25-27

2/15 EXAM 1 — Chapters 1, 2, 3, 5

Part II. Portfolio Theory, Efficient Markets, and Mutual Funds

2/17-22 Chapter 6 Efficient Diversification (How to reduce risk?)
Problems: 1-2, 12, 14-15, 18, 26

2/24-3/1 Chapter 7 Capital Asset Pricing and Arbitrage Pricing Theory
Problems: 1-4, 8-11, 16-17, 20

3/3-8 Chapter 4 Mutual Funds (How to diversify?)
Problems: 2-3, 13-14, 17, 19-20

3/10-15 Chapter 8 The Efficient Market Hypothesis (Can we beat the Market?)
Problems: 1, 4-7, 11

3/17 EXAM 2 — Chapters 6, 7, 4, 8
### Part III. Valuing the Firm

<table>
<thead>
<tr>
<th>Date</th>
<th>Chapter</th>
<th>Topic</th>
<th>Problems</th>
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<tbody>
<tr>
<td>3/29-31</td>
<td>Chapter 10</td>
<td>Bond Prices and Yields</td>
<td>1-5, 8-10</td>
</tr>
<tr>
<td>4/5-7</td>
<td>Chapter 12</td>
<td>Macroeconomic and Industry Analysis</td>
<td>2, 5-8</td>
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<tr>
<td>4/12-14</td>
<td>Chapter 13</td>
<td>Equity Valuation (Methods of Firm Evaluation)</td>
<td>2-3, 6, 8-9, 13, 22</td>
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**4/19**  
**EXAM 3 — Chapters 10, 12, 13**

### Part IV. Bond Portfolios and Options

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<tr>
<th>Date</th>
<th>Chapter</th>
<th>Topic</th>
<th>Problems</th>
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<tbody>
<tr>
<td>4/21-26</td>
<td>Chapter 11</td>
<td>Managing Bond Portfolios</td>
<td>1, 2, 9, 11</td>
</tr>
<tr>
<td>4/28-5/3</td>
<td>Chapter 15</td>
<td>Options Markets (Intro to Options)</td>
<td>1, 2, 5, 13</td>
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**5/5**  
**EXAM 4 — Chapters 11, 15**

**5/9 (3:00 PM – 5:00 P.M.)**  
**FINAL EXAM* — Comprehensive**

* Students with more than three examinations scheduled for the same day and who have not been able to resolve this situation among their instructors, will have the option of appealing to the Academic Vice President to have one of the final examinations moved to a different day.
Please turn in this form by January 20.

I hereby acknowledge that I have received and read the course syllabus for Investment Analysis, FI 449 PA, Spring Semester 2011. I fully understand all covered issues, and I have no further questions regarding the conduct and/or grading system in this class. I further agree to abide by all points/issues as outlined in the course syllabus, and that I conduct myself in an ethical manner.

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<tr>
<th>Student Signature</th>
<th>Print Name</th>
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