



University of La Verne
College of Business & Public Management
BUS 531 Investment & Portfolio Analysis
Online Campus
Course Outline & Syllabus Fall 2015

Course Designation

BUS 531: Investment & Portfolio Analysis
Three (3) semester hours, Graduate credit

Schedule: Online Campus
Monday August 31 – Sunday November 8, 2015
CRN: 2601

Instructor: Richard Hasse

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(909) 626-1756 (fax)
rhasse@laverne.edu
Office Hours: Thursday 3:00 – 5:00 PM, Sunday 7:00 – 9:00 PM via
Skype/WebEx, or by appointment.

Internet Resources: Blackboard – <https://bb.laverne.edu/>
Skype: “rick.hasse”
WebEx: <https://laverne.webex.com/meet/rhasse@laverne.edu>
You Tube Channel: <http://www.youtube.com/user/rhasse727>
Twitter: <http://twitter.com/LaVerneFinance>
Facebook: <http://www.facebook.com/financeULV>

I. BUS 531 Investments: Security Analysis and Portfolio Management

An in-depth analysis of the process of investing, both in theory and in practice. The investing process is divided into two parts: security analysis and portfolio management. Security analysis is the attempt to determine whether an individual security is correctly valued in the market place: that is, it is the search for miss-priced securities. Portfolio management is the process of combining securities into a portfolio tailored to the investor's preferences and needs, monitoring that portfolio, and evaluating its performance. The required prerequisite is BUS 530 (Financial Management) or BUS 635 (Managing Financial Resources).

II. Relationship to the Specific Program

This course is an elective for the masters of business administration. It is designed as a one-term course in investment for students who have already completed the finance core requirement in the Master of Business Administration programs. Because of the nature of the course material, it is assumed that students have a fundamental understanding of micro- and macro-economics, quantitative methods, electronic spreadsheet applications, descriptive statistics, and regression analysis.

III. Learning Objectives and Outcomes Assessment

The overall goal of this course is to impart knowledge of practical value to students who are interested in becoming investment professionals or sophisticated private investors. The pedagogy to accomplish this goal is to integrate the institutional features of the financial markets with a sound basis in valuation theory, modern portfolio theory, and derivative securities pricing theories. At the conclusion of this course, students should be able to:

- Develop objectives, constraints, and Investment strategy for any type of investor.
- Evaluate the performance of a portfolio.
- Utilize fundamental and technical analysis to determine whether an asset is a candidate to buy or sell.
- Use option and futures in hedging and speculation

IV. Texts and Materials

1. Bodie, Kane, and Marcus, **Investments**, 10th Edition, McGraw-Hill Irwin, 2014. ISBN: 978-0-07-786167-4



2. A trade book on investment

Investment is as much an art as it is a science. In order to better expose the students to the art of investing, students in this class are required to read and submit a book analysis/discussion on one of the approved “trade books” for the course. The current list of approved trade books can be found in the attachment at the end of this outline.

V. Course Content

Learning Modalities

- Weekly Online Lectures & Notes

- Weekly Chapter Problems to Review
- Read and Discuss Relevant Cases and Topics
- Investment Book Analysis Report
- Discussion Post of an Investment Analysis Report
- Final Examination

Material To Be Reviewed:

The coverage of material in this class parallels the two components of the investing process:

- Security Analysis
- Portfolio Management

Topics to be covered are:

- * Investment environment and how securities are traded: This topic covers the organization of security markets, the role of the participants in these markets, market indexes, buying on the margin, and market microstructure.
- * Capital allocation between different types of instruments: This topic covers asset allocation for the case of a risky asset and a risk free asset, and the case of two risky assets, and the impact of risk aversion on asset allocation.
- * Asset pricing theories and their implication for investment strategy: This topic covers an in analysis of the capital asset pricing model and the arbitrage pricing theory and their implication for investment strategy.
- * Market efficiency and Behavioral Finance: Concepts and implications: This topic covers the implication of market efficiency and behavioral finance for investment strategy, and the empirical support for both concepts efficiency with a special emphasis on the predictability of stock returns.
- * Theories of the term structure of interest rates: This topic covers the determinants of interest rates whether real or nominal, the term structure of interest rates and their implication for investment strategies.
- * Management and pricing of fixed income securities: This topic covers a review of pricing of fixed income securities, duration as a measure of a bond interest rate risk, immunization as a risk management tool, contingent immunization, dedicated portfolios, and bond swaps.
- * Management and pricing of equity securities: This topic fundamental and technical analysis at market, industry, and firm levels.

* Use of derivative securities for hedging and speculative purposes: This topic covers the pricing of options and futures and their use for hedging and speculative purposes.

* Types of investment strategies, principles of portfolio management, and performance evaluation: This topic covers the role of market timing and security selection in active portfolio management, the tailoring of the portfolio to fit the investor characteristics whether it is an individual investor, a pension fund or an investment company.

VI. Course and Program Assessment

GRADING

Investment Book Report	25%
Discussion Post Investment Analysis	15%
Final Examination	35%
Class Participation via Blackboard	25%

The grading policy for graduate students is based on the assumption that the grade for acceptable and satisfactory performance in graduate study is a B (3.0). This implies that graduate students must perform at an above-average level, compared to undergraduate standards, in order to progress satisfactorily in graduate programs. It also implies that the C- and D grades are unacceptable in graduate work. Therefore, there are no C- and D grades for graduate students.

A:	94 – 100%	A-:	90 – 93%	
B+:	87 – 89%	B:	84 – 86%	B-: 80 – 83%
C+:	77 – 79%	C:	74 – 76%	F: Below 74%

ATTENDANCE AND PARTICIPATION

Class participation, student- student interaction and faculty-student interaction is an integral component of any successful class. Students learn from each other as much if not more than what they learn from the faculty. Class participation and interaction aim to create and nurture an environment of interactive learning, whereby all class participants can learn from each other. Each student is required to participate in all online Discussion Forums.

In addition, a student will lead one Discussion Forum (Discussion Post Investment Analysis), the topic and schedule will be designated during the course content section a week prior to participation.

HOMEWORK

Selected homework problems will be reviewed and explained in the weekly course content section of Blackboard. Homework problems and solutions will be posted in Blackboard weekly. Homework assignments are not graded but prepare you for discussions and graded assignments.

FINAL EXAM

The Final Exam will be based primarily on the material covered in class and on the assigned homework problems. The exam will include multiple choice questions, short essay questions that emphasize the understanding (not memorization) of investment theory and practice, and problems based on in-class examples and assigned homework.

Since the Final Exam is taken the last week of the term, there will be no make-up examination.

INVESTMENT TRADE BOOK REPORT

Each student is required to read and submit a 5 -7 page analysis/discussion report, APA format. Your report should be on one of the approved “trade books” for this course. The current list of approved trade books is listed below. The due date for the investment book report is 12:00 midnight PST October 25, 2015.

Each student should select a book and notify Mr. Hasse with your selection as soon as possible. There will be no duplicate reports. Subsequent information will be provided.

BUS 531 Book List

1. Momentum Stock Selection: Using the Momentum Method for Maximum Profits, by Jake Bernstein.
2. The New Laws of the Stock Market Jungle: An Investors Guide to Successful Investing in a Changing, World by Michael J. Panzner.
3. The Right Stock at the Right Time: Prospering in the Coming Good Years, by Larry Williams.
4. Investment Styles, Market Anomalies and Global Stock Selection, by Richard O. Michaud.
5. Mastering Microcaps: Strategies, Trends, and Stock Selection, By Daniel P. Coker and Marc Robins.
6. Irrational Exuberance, By Robert J. Shiller.
7. Market Wizards: Interviews with Top Traders.
8. Investment Madness: How Psychology Affects Your Investing... and what to Do about It, by John R. Nofsinger.
9. Technical Analysis of the Financial Markets: A comprehensive Guide to trading Methods and Applications, by John Murphy.
10. Technical Analysis of Stock Trends, 8th Edition, by Robert D. Edwards, et al.

11. The Intelligent Investor: The Definitive Book on Value Investing, Revised Edition, by Benjamin Graham and Jason Zweig.
12. Security Analysis: The Classic 1934 edition, by Benjamin Graham and David Dodd.
13. The Essays of Warren Buffet: Lessons from Corporate America, by Warren Buffet.
14. The New Buffettology: The proven techniques for Investing Successfully in Changing Markets that have Made Warren Buffet The World's most Famous Investor, By Mary buffet and David Clark.
15. The 5 keys to Value Investing, by Dennis Jean-Jacques.
16. Value Investing: from Graham to Buffet and Beyond, by Bruce C. N. Greenwald, et al.
17. One Up on Wall Street: How to Use what you Already Know to make Money in the Market, by Peter Lynch.
18. Searching for Alpha: The Quest for exceptional Investment Performance, by Ben Warwick.
19. The Bond Book: Everything Investors Need to Know About treasuries, Municipals, GNMA's, Corporates, Zeros, Bond Funds, money Market Funds, and More, by Annette Thau.
20. The Strategic Bond Investor: Strategies and Tools to Unlock the Power of the Bond Market, By Anthony Crescenzi.
21. The Bond Bible, by Marilyn Cohen.
22. How to Make Money with Stock Options: A Basic Guide for the Conservative Investor, by Mervyn L. Hecht.
23. How to Trade Options, by Jon Najarian.
24. The Futures Game: Who Wins, Who Loses, and Why, by Richard J. Teweles and Frank J. Jones.
25. Profit with Options: Essential Methods for Investing Success, By Lawrence G. McMillan.
26. Playing for Keeps in Stocks and Futures: Three Top Trading Strategies That Consistently Beat the Markets, by Tom Bierovic.
27. A Trader on Wall Street: A Short term Traders Guide, by Michael D. Coval.
28. Option Volatility and Pricing: Advanced Trading Strategies and Techniques, by Sheldon Natenberg.
29. Online Investing, by Jon D. Markman.
30. Technical Analysis: From A to Z, by Steven B. Achelis.
31. The four Biggest Mistakes in Option Trading, by Jay Kaeppel.
32. Market Wizards, by Jack D. Schwager
33. Trade Your Way To Financial Freedom, by Van K. Tharp
34. A Random Walk Down Wall Street, by Barton G. Malkiel
35. Common Stocks & Uncommon Profits, by Philip A. Fisher

STUDENT RESPONSIBILITIES

1. Comply with Academic Honesty and Behavior rules as described in the 2013-2014 ULV Catalog.
2. Participate in all class discussions.
Each student is to do his/her own work, except when a team discussion is indicated.
3. Successfully complete all Discussion Posts, Papers and Examinations.

INSTRUCTOR RESPONSIBILITIES

1. Be prompt, prepared, and respectful of all points of view.
2. Create an open, stimulating environment for the exchange of ideas and for questioning the underlying assumptions of ideas.
3. Be available to answer questions and provide guidance.

ULV TECHNICAL RESOURCES

Office of Information Technology

<http://laverne.edu/technology/technology-for-students/>

Blackboard HelpDesk

Phone: 909.593.3511 x4089

Email: bbhelp@laverne.edu

ULV WRITING RESOURCES

Learning Enhancement Center (they are available virtually on any and all APA support)

Learning Enhancement Center/Graduate Success Center, Room 111

Phone: 909.593.3511 x4342

<http://www.laverne.edu/academics/learning-enhancement-center/links>

VII. Syllabus.

Modification of this syllabus may be made at any time at the instructor's discretion.

Note: On a separate page please view the course schedule.

At the instructor's discretion, course content and assignments may be expanded, changed, or deleted.

Please read "e-policies" in a separate document.

Academic Honesty – Per the ULV 2015-2016 Catalog

Each student is responsible for performing academic tasks in such a way that honesty is not in question. Unless an exception is specifically defined by an instructor, students are expected to maintain the following standards of integrity:

a. All tests, term papers, oral and written assignments, recitations, and all other academic efforts are to be the work of the student presenting the material.

b. Any use of wording, ideas, or findings of other persons, writers, or researchers requires the explicit citation of the source; use of the exact wording requires a "quotation" format.

c. Deliberately supplying material to a student for purposes of plagiarism is also culpable. When academic honesty is in question, the following may occur:

1. A faculty member who has clear evidence that academic honesty has been violated may take appropriate disciplinary action. Appropriate disciplinary action may include, but is not limited to, requiring the student to rewrite a paper or retake a test, giving the student an F on the assignment and/or in the course, and/or recommending expulsion. If the action includes giving a course grade of NCR or F and/or a recommendation for expulsion because of academic dishonesty, the faculty member must report the action to the Department Chair and/or Academic Dean (or to the Campus/Program Director for off-campus situations).

2. If a faculty member has reason to suspect academic dishonesty (even after having seen requested additional or revised work when appropriate) and the student denies the allegation, the faculty member may refer the matter to the Provost (through the Campus/Program Director for off-campus situations). Following due process an Academic Judicial Board may be formed to investigate the matter and make a recommendation to the Provost about whether academic honesty has been violated. The Vice President will then take appropriate action which may include, but is not limited to, academic probation, suspension, or expulsion. In this process students may be asked to produce earlier drafts of their work and/or original notes and resources, other samples of writing, or documents deemed appropriate or necessary by the Board.

3. Grades of F or NCR received in courses due to academic dishonesty will be filed with appropriate documentation for future reference in the office of the Provost by the Department Chair, Academic Dean, or Campus/Program Director. Students receiving an F or NCR as a result

of academic dishonesty will be sent a letter from the Provost noting that a second offense will result in expulsion.

4. Expulsion for academic dishonesty will be noted on the student's transcript by the words "Expelled for Academic Dishonesty."

5. All Case work may become part of the SafeAssign database. SafeAssign is a service to check for plagiarism.

The Mission of the University

Vision

The University of La Verne will be nationally recognized for its enriching and relevant educational experience, which prepares students to achieve more than they ever imagined.

University Mission

The University of La Verne offers a distinctive and relevant educational experience to a diverse population of traditional-age, adult, and graduate learners preparing them for successful careers and a commitment to life-long learning across the liberal arts and professional programs.

Core Values of the University of La Verne

Ethical Reasoning

The University affirms a value system that actively supports peace with justice, respect of individuals and humanity and the health of the planet and its people. Students are reflective about personal, professional, and societal values that support professional and social responsibility.

Diversity and Inclusivity

The University supports a diverse and inclusive environment where students recognize and benefit from the life experiences and viewpoints of other students, faculty and staff.

Lifelong Learning

The University promotes intellectual curiosity and the importance of lifelong learning. It teaches students how to learn, to think critically, to be capable of original research, and to access and integrate information to prepare them for continued personal and professional growth.

Community and Civic Engagement

The University asserts a commitment to improving and enhancing local, regional and global communities.

Course Study Plan

Week/Topic		Chapter
1 – Aug. 31	Introduction	CH 1* Investment Environment CH 2* Asset Classes CH 3 How Securities Are Traded CH 4* Mutual Funds Discussion Post #1 - Bios
2 – Sept. 7	Portfolio Management	CH 5 Risk and Return CH 6 Risk Aversion and Capital Allocation to Risky Assets
3 – Sept. 14	Portfolio Management	CH 7 Optimal Risky Portfolio Discussion Post #2 Investment Analysis
4 – Sept. 21	Equilibrium in Capital Markets	CH 9 The Capital Asset Pricing Model CH 10 Arbitrage Pricing Theory & Risk and Return Models Discussion Post #3 Investment Analysis
5 – Sept. 28	Mid Term Break	Time to catch up and work on Book Report. Discussion Post #4 Investment Analysis
6 – Oct. 5	Equilibrium in Capital Markets	CH 11 The Efficient Market Hypothesis CH 12 Behavioral Finance CH 18 Equity Valuation Models Discussion Post #5 Investment Analysis
7 – Oct. 12	Fixed-Income Securities	CH 14 Bond Prices and Yield CH 15 The Term Structure of Interest Rates Discussion Post #6 Investment Analysis
8 – Oct. 19	Options	CH 20 Options Markets CH 21 Option Valuation Discussion Post #7 Investment Analysis
9 – Oct. 26	Futures, Swaps, and Risk Management	CH 22 Futures Markets CH 23 Futures, Swaps, and Risk Management Discussion Post #8 Investment Analysis Investment Book Report Due October 26
10 – Nov. 2	Applied Portfolio Management Final Examination	CH 24* Portfolio Evaluation CH 26* Hedge Funds Entire Course Material

***Indicates that the coverage of the material will be limited to some topics in the chapter. Those topics will be designated in the weekly Course Content section of Blackboard.**

The Instructor may change the Course Plan during the term, students will be notified well in advance of such changes.