

**FINC 4660**  
**SECURITY ANALYSIS**  
**FALL 2014**

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Office Hours: Tuesday 10:00 a.m. – 11:00 a.m.  
Thursday 10:00 a.m. – 11:00 a.m. or by appointment

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**COURSE OBJECTIVES**

The objective of this course is to introduce students to the basic principles of financial research. The course focuses on equity valuation, portfolio theory, measures of portfolio performance and use of financial software. Students are required to use financial software to evaluate securities and to present their findings in form of written reports and formal presentations. Financial software used in the class is Bloomberg, Factset, Ycharts and Morningstar Direct.

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**COURSE MATERIAL**

- Bodie, Z., Kane, A., and Marcus, A.: Essentials of Investments, 8<sup>th</sup> edition. McGraw-Hill Higher Education, ISBN: 978-0-07-724605-1.
- The Wall Street Journal

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**STUDENT RESPONSIBILITIES**

This class consists of lectures, software demonstrations, and individual and group work on the projects. Students are responsible for all material covered in the class. Important part of security valuation is to know current macroeconomic environment. Therefore I encourage students to follow the business news by reading the Wall Street Journal or watching the morning show Squawk Box on CNBC.

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**STUDENT WITH DISABILITIES**

Students, who need special accommodations in class, as provided for by the Americans with Disabilities Act, should make an individual appointment with me as soon as possible.

## **CERTIFICATIONS**

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The ability to use financial software is necessary to create reports for security valuation. There are two certifications required as a part of the course.

- Morningstar certifications: Each student works on the Morningstar Direct certifications independently. Students are required to complete the Basic and Advanced Morningstar Direct certification by September 4, 2014. There will be no credit for late completion of certifications.
- Bloomberg certifications: Each student individually needs to schedule a proctored exam for Bloomberg certification with my graduate assistant. Only two Bloomberg certifications are required for this course - Core and Equity. These certifications need to be completed by September 25, 2014. There will be no credit for late completion of certifications.

## **REPORTS**

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Written reports represent important part of the course. There will be two written reports:

- Buy or sell recommendation report: This is an individual report. The report is due in the class on October 9, 2014.
- Portfolio performance report: This is a group report. It is due in the class on December 2, 2014.

Late submission of the reports will result in 10 points taken from the report grade. Students that have problems with writing may benefit from visiting the Miller Writing Center ([www.auburn.edu/writingcenter](http://www.auburn.edu/writingcenter)).

## **PRESENTATIONS**

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Students will make two presentations during the semester:

- Presentations of Buy or sell recommendation report. This is an individual presentation.
- Presentation of Portfolio performance report. This is a group presentation. Each member of the group needs to be present at the time of presentation.

## **THE WALL STREET JOURNAL**

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Students are required to read The Wall Street Journal. There will be 9 quizzes from The Wall Street Journal during the semester; best 7 will count toward the grade. Make sure that you take advantage of these tests because there will be no make-up quizzes for WSJ.

WSJ is available at the library or you can subscribe electronically. Online Order Forms can be found on [www.wsj.com/studentoffer](http://www.wsj.com/studentoffer). Contact e-mail to the WSJ representative for Auburn University, Mary Rose Cutler, is [maryrose.cutler@dowjones.com](mailto:maryrose.cutler@dowjones.com).

**EXAMS**

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There will be two in-class exams focused on material covered in the class and the most important timely issues. Please contact me before the exam if you cannot take the exam due to valid excuse.

**GRADING**

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The course grade will be determined as a weighted average of exams, the Wall Street Journal quizzes, certifications, reports and presentations using following scale:

A ≥ 90  
90 > B ≥ 80  
80 > C ≥ 70  
70 > D ≥ 60  
60 > F

The weights of individual assignments:

Bloomberg certification – core	2.5%
Bloomberg certification – equity	2.5%
Morningstar Direct certification – basic	2.5%
Morningstar Direct certification – advanced	2.5%
The Wall Street Journal quizzes	5.0%
Buy or sell recommendation report	10.0%
Individual presentation	2.5%
Portfolio performance report	10.0%
Group presentation	2.5%
Exam 1	30.0%
Exam 2	30.0%

Students may withdraw from the course until mid-semester.

**CLASS SCHEDULE**

	Date		Topic	Assignments	Quizzes
1	8/19/14	Tue	Introduction to the course		
2	8/21/14	Th	Financial software/Tiger lab	Groups due in the class	
3	8/26/14	Tue	Bloomberg/Morningstar certifications		
4	8/28/14	Th	Bloomberg/Morningstar certifications		
5	9/2/14	Tue	Bloomberg/Morningstar certifications		
6	9/4/14	Th	Bloomberg/Morningstar certifications	Morningstar certifications due	
7	9/9/14	Tue	Portfolio theory	Portfolio inception date	WSJ quiz 1
8	9/11/14	Th	Portfolio theory / Presentations of investment strategies for the group project		
9	9/16/14	Tue	Macroeconomic and industry analysis		WSJ quiz 2
10	9/18/14	Th	Equity valuation		
11	9/23/14	Tue	Equity valuation		WSJ quiz 3
12	9/25/14	Th	Financial statement analysis	Bloomberg core and equity certifications due	
13	9/30/14	Tue	Exam 1		
14	10/2/14	Th	Tiger lab: Discussion of Buy/sell recommendation report		
15	10/7/14	Tue	Tiger lab: Work on the Buy/sell recommendation report		WSJ quiz 4
16	10/9/14	Th	Presentations of Buy/sell recommendation reports	Buy/sell recommendation report due in the class	
17	10/14/14	Tue	Presentations of Buy/sell recommendation reports		WSJ quiz 5
	10/16/14	Th	Fall break		

	Date		Topic	Assignments	Quizzes
18	10/21/14	Tue	Presentations of Buy/sell recommendation reports		WSJ quiz 6
19	10/23/14	Th	Presentations of Buy/sell recommendation reports and presentation of preliminary results of portfolio performance		
20	10/28/14	Tue	Portfolio performance evaluation		WSJ quiz 7
21	10/30/14	Th	Portfolio performance evaluation		
22	11/4/14	Tue	ETFs		WSJ quiz 8
23	11/6/14	Th	Hedge funds		
24	11/11/14	Tue	Tiger lab - Discussion of Portfolio performance report	Portfolio end date	WSJ quiz 9
25	11/13/14	Th	<b>Exam 2</b>		
26	11/18/14	Tue	Tiger lab - Work on Portfolio performance report		
27	11/20/14	Th	Tiger lab - Work on Portfolio performance report		
	11/25/14	Tue	<i>Thanksgiving Holiday</i>		
	11/27/14	Th	<i>Thanksgiving Holiday</i>		
28	12/2/14	Tue	Group presentations (1 and 2)	Portfolio performance report due	
29	12/4/14	Th	Group presentations (3 and 4)		