

**FINC 4660  
SECURITY ANALYSIS  
SPRING 2014**

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Office Hours: Wednesday 10:00 a.m. – 11:00 a.m.  
Friday 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 February 3, 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 February 14, 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 March 7, 2014.
- Portfolio performance report: This is a group report. It is due in the class on April 21, 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 8 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-Jan-14	W	Introduction to the course		
2	10-Jan-14	F	Financial software/Tiger lab		
3	13-Jan-14	M	Portfolio theory	Groups due in the class	
4	15-Jan-14	W	Portfolio theory		
5	17-Jan-14	F	Presentations of investment strategies for the group project	<i>Portfolio inception date</i>	
	20-Jan-14	M	<i>Martin Luther King, Jr. Day</i>		
6	22-Jan-14	W	Bloomberg/Morningstar certifications		
7	24-Jan-14	F	Bloomberg/Morningstar certifications		
8	27-Jan-14	M	Bloomberg/Morningstar certifications		
9	29-Jan-14	W	Bloomberg/Morningstar certifications		
10	31-Jan-14	F	Bloomberg/Morningstar certifications		
11	3-Feb-14	M	Bloomberg/Morningstar certifications	<b>Morningstar certifications due</b>	
12	5-Feb-14	W	Macroeconomic and industry analysis		
13	7-Feb-14	F	Macroeconomic and industry analysis		
14	10-Feb-14	M	Equity valuation		WSJ quiz 1
15	12-Feb-14	W	Equity valuation		
16	14-Feb-14	F	Equity valuation	<b>Bloomberg core and equity certifications due</b>	
17	17-Feb-14	M	Financial statement analysis		WSJ quiz 2
18	19-Feb-14	W	Financial statement analysis		
19	21-Feb-14	F	Catch up		
20	24-Feb-14	M	<b>Exam 1</b>		

	Date		Topic	Assignments	Quizzes
21	26-Feb-14	W	Discussion of Buy/sell recommendation report		
22	28-Feb-14	F	Portfolio performance evaluation		
23	3-Mar-14	M	Portfolio performance evaluation		WSJ quiz 3
24	5-Mar-14	W	Portfolio performance evaluation		
25	7-Mar-14	F	Portfolio performance evaluation	<b>Buy/Sell recommendation report due in the class</b>	
	10-Mar-14	M	<i>Spring Break</i>		
	12-Mar-14	W	<i>Spring Break</i>		
	14-Mar-14	F	<i>Spring Break</i>		
26	17-Mar-14	M	Presentations of Buy/sell recommendation reports		WSJ quiz 4
27	19-Mar-14	W	Presentations of Buy/sell recommendation reports		
28	21-Mar-14	F	Presentations of Buy/sell recommendation reports		
29	24-Mar-14	M	Presentations of Buy/sell recommendation reports		WSJ quiz 5
30	26-Mar-14	W	Presentations of Buy/sell recommendation reports		
31	28-Mar-14	F	Presentations of Buy/sell recommendation reports		
32	31-Mar-14	M	Tiger lab - Presentation of preliminary results of portfolio performance report		WSJ quiz 6
33	2-Apr-14	W	ETFs		
34	4-Apr-14	F	Hedge funds		
35	7-Apr-14	M	Catch up		WSJ quiz 7
36	9-Apr-14	W	<b>Exam 2</b>		

	Date		Topic	Assignments	Quizzes
37	11-Apr-14	F	Tiger lab - Discussion of Portfolio performance report	<i>Portfolio end date</i>	
38	14-Apr-14	M	Tiger lab - Work on the group project		WSJ quiz 8
39	16-Apr-14	W	Tiger lab - Work on the group project		
40	18-Apr-14	F	Tiger lab - Work on the group project		
41	21-Apr-14	M	Group presentations	<b>Portfolio performance report due</b>	
42	23-Apr-14	W	Group presentations		
43	25-Apr-14	F	Group presentations		