

FINC 5740/6740: Advanced Financial Analysis Spring 2014

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Office Hours: Tuesdays: 2:00 - 3:00 PM,
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or by appointment.

Class Web Site: <http://www.business.auburn.edu/~yostkev/teaching/finc57406740/finc57406740.html>
(This link is also posted on Canvas.)

Tuesdays and Thursdays
3:30 – 4:45 PM
Lowder 033

Course Description

This course builds on and integrates material learned in corporate finance and investments, as well as accounting, economics, and statistics to equip students for financial analysis of individual investments and firms. Following the CFA Institute's curriculum for the Certified Financial Analyst Level I examination, students will work through advanced topics including ethical and professional standards, quantitative methods, economics, financial reporting and analysis, corporate finance, equity investments, fixed income investments, derivative investments, alternative investments, and portfolio management and wealth planning. This is a 3 credit hour course and students may not receive credit for both FINC 5740 and FINC 6740.

Prerequisites

Students enrolling in FINC 5740 are required to have successfully completed FINC 3630 (Advanced Business Finance) **and have department approval**. In addition, students must have completed or be co-enrolled in FINC 3640 (Investments) and ACCT 3110 (Intermediate Accounting 1). Senior status and FINC 4650 (Financial Statement Analysis) is recommended, though not required.

Students enrolling in FINC 6740 are required to have successfully completed BUSI 7110 or BUSI 7116 (Financial Analysis) **and have department approval**.

Failure to meet any of these requirements may result in automatic withdrawal from the course.

Course Materials

The following is required:

- *2014 Kaplan Schweser CFA Level I Review Materials*. These materials include Study Guides, which will be required reading, lecture notes, and Schweser Pro Qbank, which provides review questions from which homework will be based. The materials can be purchased directly from Kaplan Schweser (www.schweser.com), but students should wait for specific directions to be provided by the instructor.

In addition to the textbook:

- Students are required to have access to a financial calculator for this course, and the Texas Instruments TI-BAII Plus is highly recommended. Students may use their calculator on quizzes and exams. However, students are not allowed to share calculators during a given exam, nor will the instructor provide one if one is forgotten. The CFA Exam does **NOT** allow use of the Hewlett-Packard HP-10BII. However, for the purposes of this course, it is acceptable.
- **PLEASE MAKE SURE ALL CELL PHONES ARE TURNED OFF BEFORE EACH LECTURE AND EXAM!!!**

Grading

Grades will be based on the following:

FINC 5740

Homework:	10%
Weekly Quizzes:	55%
Final Exam:	<u>35%</u>
	100%

FINC 6740

Homework:	10%
Weekly Quizzes:	55%
Final Exam:	35%
Company Analysis:	<u>S/U</u>
	100%

Final grades will be assigned according to the following scale:

A	≥ 73%
B	≥ 64% but < 73%
C	≥ 55 but < 64%
D	≥ 50 but < 55%
F	< 50%

Grades will be assigned with the idea that 70% would be passing on the CFA Exam and, therefore, is considered an A. Such scaling will be applied to Quizzes and Exams, but not homework.

Justification for Graduate Credit (FINC 6740)

The evaluation and expectations for graduate students taking this course differ from those of undergraduates taking this course. The details of the evaluation and grading are provided in the Grading section. In order to provide an opportunity to gain understanding and insight at an advanced level, graduate students are assigned a project in which the principal objective is to discuss how an analyst would perform an in-depth financial analysis of a company. In this project, graduate students will be required to demonstrate their ability to independently analyze and synthesize information on the firm and corresponding financial markets. The culmination of this research is a professional report that will demonstrate an advanced level of thinking and understanding of the course. It will be done individually and be graded S/U.

Course Policies

Students are expected to attend class, complete classwork, turn in homework, and take quizzes. Absences will only be excused, and therefore an opportunity to make-up missed assignments will only be granted, for University-approved reasons, including *documented* illness of the student or serious illness of a member of the student's immediate family, the death of a member of the student's immediate family, trips for student organizations sponsored by an academic unit, trips for University classes, trips for participation in intercollegiate athletic events, subpoena for a court appearance, and religious holidays. When feasible, the student must notify the instructor *prior* to the occurrence of any excused absences, but in no case shall such notification occur more than one week after the absence. *Appropriate documentation for all excused absences is required.*

This course will cover a significant amount of advanced material in a short amount of time. This course will require at least as much time studying outside of class as time spent in class. It is imperative that students keep up with the material each week. DO NOT GET BEHIND! The course is very structured so that students can plan accordingly for times during the semester where demands on their time are higher.

Academic Honesty

Unless clearly instructed otherwise, all assignments, quizzes, and exams are closed-book. They are to be completed individually. This means no talking, sharing calculators or pens/pencils, etc., and no wandering eyes. If help is needed, see Dr. Yost. You have been warned – do not cheat! The University Academic Honesty Code is found in the Student Policy eHandbook at www.auburn.edu/studentpolicies.

Students With Disabilities

Students who need accommodations are asked to electronically submit their approved accommodations through AU Access and to arrange a meeting during office hours the first week of classes, or as soon as possible if accommodations are needed immediately. If you have a conflict with my office hours, an alternate time can be arranged. To set up this meeting, please contact me by e-mail. If you have not established accommodations through the Office of Accessibility, but need accommodations, make an appointment with the Office of Accessibility, 1228 Haley Center, 844-2096 (V/TT).

Diversity

Diversity at Auburn University encompasses the whole of human experience and includes such human qualities as race, gender, ethnicity, physical ability, nationality, age, religion, sexual orientation, economic status, and veteran status. These and other socially and historically important attributes reflect the complexity of our increasingly diverse student body, local community, and national population. Auburn University recognizes and values the considerable educational benefits emanating from diversity as we prepare our students for life and leadership in a multicultural world. Students who interact with and learn about people from a variety of backgrounds are more apt to understand, appreciate, and excel in the community they inhabit. In this context, diversity is aligned with Auburn University's land grant mission of providing its students with a superior education in service to the needs of Alabama, the nation, and the world. Contact the Office of Diversity at www.auburn.edu/diversity.

Course Outline

We will be covering a significant amount of material during the semester. Keep up with it! This is the list of topics we will cover, though not necessarily in this order.

Topic	Study Session
Ethical and Professional Standards	1
Quantitative Methods 1	2
Quantitative Methods 2	3
Economics 1	4
Economics 2	5
Financial Reporting and Analysis 1	6
Financial Reporting and Analysis 2	7
Financial Reporting and Analysis 3	8
Financial Reporting and Analysis 4	9
Financial Reporting and Analysis 5	10
Corporate Finance	11
Portfolio Management	12
Equity Investments	13 & 14
Fixed Income 1	15
Fixed Income 2	16
Derivative Investments	17
Alternative Investments	18