

**FINC 766X Security Analysis and Management
Spring 2014
Monday-Wednesday, 2:00 pm – 3:15 pm**

Course Syllabus

Instructor

Professor Steve Swidler

Course Description

This course deals primarily with the investment decisions of the individual and portfolio manager, with special emphasis on valuation of financial instruments. Topics include an overview of investments and security analysis, portfolio theory and market efficiency, fundamental and technical analysis, security valuation and financial modeling, and an introduction to financial derivatives. Given the subject matter, *heavy emphasis will be placed on using theory and computation in the analytical process.*

Prerequisites

FINC 7600 (Adv Corp Finance) or BUSI 7110 (Financial Analysis)

It is the responsibility of the student to make sure that he/she has met the above requirements. Failure to do so may result in the course being administratively dropped from the student's schedule.

Office Hours, Phone and Electronic Communication

Office: Lowder, Room 320

Office Hours: Monday and Wednesday 10:00 am – 11:00 am or by appointment

Phone: 844 - 3014

Email: swidler@auburn.edu

Web: <http://www.business.auburn.edu/~swidlst>

Students are encouraged to speak with the professor as soon as possible if they are having difficulty with any of the material.

E-mail messages with class notes, reading assignments and other relevant material will be regularly sent to all students via a class distribution list. Class notes, outside readings and other relevant course material will also be posted on Canvas.

It is the responsibility of each to student to monitor their mailbox frequently to keep abreast of recent class news. If you have not received an email from me after the first week of class, you need to notify me as soon as possible so that the correct address is entered on the class distribution list.

Semester Grades and Exams

Grades for the course will be based on three exams and a semester project. The dates for each exam are:

Exam 1 - Wednesday, February 12

Exam 2 – Wednesday, March 26

Final Exam – Thursday, May 1, 4:00 pm – 6:30 pm
(may be rescheduled for last day of class with the consent of students)

- NOTE: THAT THE FINAL EXAM IS CUMULATIVE -

A student should make sure that he/she is able to attend all exams on the above dates before signing up for FINC 766X. Please do not ask to be excused from exams for matters of personal convenience. There will be no make-up exams for unexcused absences, and a student will be given an automatic 0 for the exam.

In case of medical or family emergency or any other unexpected excused absence, the student must notify the professor in person, by phone or by email as soon as possible, and in any event, ***no later than 48 hours after the exam***. At that time, ***a makeup exam can be rescheduled and must be taken within two days of when the student returns from the excused absence***. In order for a make-up exam to be taken, the student must provide written documentation of the emergency that states 1) why the student was unable to take the scheduled exam, 2) the excused dates of absence and 3) a phone number that can be called to verify the excuse. (Please refer to the following web page for additional excused absence information:

<https://sites.auburn.edu/admin/universitypolicies/Policies/PolicyonClassAttendance.pdf>)

If a student has prior knowledge of a university excused absence, ***he/she must make arrangements with the professor at least 2 weeks prior to the scheduled exam***. Any make-up exam for a university excused absence will be rescheduled for a time prior to the university event. No exceptions will be made to this excused absence policy.

On the day of the exam, students should bring with them a financial calculator and a (full size) scantron sheet. *A formula sheet (a copy of which will be posted on Blackboard) will be provided to the student.*

Exams 1 and 2 are each worth 35% of the student's semester grade and the final exam is worth 20%. The semester project constitutes the remaining 10% of the semester grade.

FINC 766X semester grade distribution guidelines are:

- A: 90-100%
- B: 80-89%
- C: 70-79%
- D: 60-69%
- F: 59% and below

Holidays and No Class Days

Spring Break is March 10-14, and the university will be closed for classes. In addition, some masters students will be going on their trip abroad the previous week and may necessitate a rescheduling of classes. More information about classes on March 3 and 5 will be forthcoming in the early part of the semester.

Semester Project

A class project will be assigned later in the semester. The details of the project and due date will be discussed at the time it is assigned.

Extra Credit

As a general policy, there will be no extra credit available over and above the 5 possible bonus points that students may earn in the exams.

Attendance

Attendance will be taken regularly throughout the semester. Although not computed as part of the semester average, attendance may be considered in the final semester letter grade. Moreover, because of the technical nature of the material, attendance alone is not sufficient to achieve a good grade. Learning is a participant sport, not a spectator sport, and it is expected that students will take an active roll in the learning process.

If you must miss a class for serious personal or business reasons, let the instructor know well ahead of time so that alternative arrangements can be made. As a final note, while I encourage students to discuss with me outside of class any problems that they are having with the material, office hours are not intended to be a substitute for missed classes.

Classroom Behavior

Students are expected to conduct themselves in a respectful manner at all times. Any behavior deemed unacceptable (eg, tardiness, excessive talking, cell phone interruptions) may result in the student being asked to leave the classroom. ***Once class has begun, students may not leave the room prior to the end of the lecture or exam.*** The only exception is if there is a scheduling conflict (e.g., job interview), and then the student must notify the professor before the start of class. For further information, please see: <https://sites.auburn.edu/admin/universitypolicies/Policies/PolicyonClassroomBehavior.pdf>

Calculators and Excel Spreadsheet

A financial calculator is mandatory to do well in this class. If you are buying one for the first time, please take some time to learn how to use it properly. There will be no classroom time for instructional purposes, so you must be familiar with how your calculator operates before taking your first exam. The calculator should be able to calculate present and future values, IRR, have a cash flow mode, and basic statistical functions at a minimum. Students should also have access to a Personal Computer and Excel spreadsheet program.

We will cover several Excel applications for security analysis, and it is assumed that students already have basic working knowledge of spreadsheet programs. For an Excel (2010 or 2013) refresher, refer to:

<http://www.gcflearnfree.org/excel2010?search=excel> or

<http://www.gcflearnfree.org/excel2013?search=excel>

Required Textbook

Bodie, Kane and Marcus (BKM), Investments, McGraw Hill, Ninth Edition, 2011.

BKM web page is: http://highered.mcgraw-hill.com/sites/0073530700/information_center_view0/

The web page contains chapter quizzes with additional problems to solve.

During the semester, students will be encouraged to relate contemporary issues to the class material. The Wall Street Journal is a rich source of topics, and it is expected that students will subscribe or have access to the paper.

In addition to chapters in BKM, outside readings from journals or other books will also be assigned during the semester.

Course Topics

Below are the topics that we will cover in FINC 766X along with the appropriate chapters in BKM. Students are responsible for ALL reading and lecture material. The interested student, of course, may read the material skipped in chapter 9*. *One caveat, because of possible new outside readings, modeling assignments and innovations in the financial marketplace, course notes presented in the lecture may be revised from those that are posted on Blackboard.*

1. Overview	Chapters 1, 2, 3 and 4
2. Portfolio Theory and Asset Pricing	Chapters 5 & 6 7 (including Appendices A &B) 8 9* (focus secs. 9.1-9.4) 10
3. Market Efficiency, Behavioral Finance, Empirical Evidence on Security Returns	Chapters 11, 12 and 13
4. Portfolio Performance Evaluation	Chapter 24
5. Fixed Income Securities	Chapters 14, 15, 16
6. Security Valuation and Financial Modeling	Chapters 18
7. Fundamental Analysis	Chapters 17 and 19
8. Derivatives	Chapters 20, 21, 22 and 23
9. Hedge Funds	Chapter 26

FINAL IS CUMULATIVE

Other Administrative Details

Special Accommodation / ADA: Students who need special accommodation should arrange to meet with the instructor as soon as possible. If you do not have an Accommodation Memo, but need special accommodation, contact the Program for Students with Disabilities in 1244 Haley Center (844-2096).

Academic Honesty Code: University rules for academic honesty will be vigorously enforced. For a copy of the rules refer to the Tiger Cub Handbook (Chapter 1200).