

DePaul University  
**Finance 523 – Investment Analysis (Online)**  
Fall 2009

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Office Hours: Monday 2:30 – 5:00 p.m. and by appointment

**Required Textbook:**

Investments, Eighth edition, Bodie, Kane, and Marcus, McGraw Hill Publishing

**Course Objective:**

This course is designed to provide a basic framework of investment analysis. We focus on the analysis of three major types of investments: equity securities (common stock), debt securities (corporate bonds) and derivative securities. The market mechanism, investment instruments, valuation, and the techniques and theories of security selection will be investigated. The course is analytical and requires a commitment to understanding the process of valuation. We will not be examining personal investment. At the end of the course, you will be able to analyze common stocks, manage a stock portfolio, and use derivative securities to hedge and to enhance the rate of return of a portfolio.

**Grade Policy:**

There will be two exams. The mid-term examination comprises 35% of the course grade, the final examination 35%, weekly quizzes 5%, class discussion 5%, and the stock market project for 20% of the grade. The mid-term exam will be given online and consist of 100 multiple-choice questions. The final exam will be given in class downtown on November 18, 2009 and consist of numerical problems and essay questions. The weekly quizzes' grade is based on participation, not the number of correct answers. The stock market project will have one grade for the entire group of three or four students. If a group has issues that arise, I reserve the right to grade individually at my discretion. The person who receives an optional evaluation grade of a C or lower by the majority of the group will automatically receive a lower grade than the rest of the group. If you have conflict with the in-class final exam date, you must notify me no later than the end of the second week of class.

Class discussion grading:

You final discussion grade will be decided due to the quality of your individual responses to the discussion question(s) and the postings of your classmates. Your individual discussion contributions will be graded according to this rubric.

3 Points	Precise, well-reasoned response. Citation of source material if appropriate.	Supports position with factual information.
2 Points	Offers relevant information.	Makes note of outside source material if appropriate
1 Point	Participates	

Note: Rubric is based upon that of the work of Bill Pelz (Journal of Asynchronous Learning Networks, 8(3), My three principles of effective online pedagogy, 2004).

A few words about Netiquette:

In order to help an online discussion, certain rules of etiquette are followed to ensure a lively and easily manageable dialogue. A few 'netiquette' pointers are included below to help you become familiar with what is accepted and what is not.

- Add your comment in the "right" place. If you're responding to Doris's comment, have her comment on screen when you hit "reply."
- Add something new. Don't just type in: "Yeah, I agree." Say, "Yes, and..." Or "Yes, but we need to consider..." Or, "I don't agree, because..."
- Edit – yes, that means correct spelling and punctuation. Draw attention to your great idea, not your poor spelling.
- NO SHOUTING WITH CAPITALS! No 'bad' language, no flaming, no off-color jokes.
- Make comments about ideas, not people!

### **Assignments:**

It is expected that you will have completed the assigned readings on the scheduled dates, and that you will be prepared for discussion of the assigned materials online. In addition, you are required to view the online lectures and complete the online quizzes. You have to complete all the assignments by midnight Sunday of the following week from the scheduled date.

You will be expected to work the assigned end-of-chapter problems in the textbook. The solutions of these problems will be provided online the following week.

You are encouraged to read the financial press (Wall Street Journal, Barron's, Value Line Investment Survey and Standard & Poor's Stock Reports).

Knowledge of current market development is expected and then discussion will touch upon analysis of day-to-day variations in financial markets.

<u>Week</u>	<u>Topics</u>	<u>Assignments</u>	<u>Problems</u>
1	The Investment Environment Financial Instruments	Chapter 1 Chapter 2	1,2,13,15 7,9,10,11,12
2	How Securities Are Traded Learning About Return and Risk Stock Market Project – choose at least 3 stocks	Chapter 3 Chapter 5	4,5,6,11 4,6,7,11
3	The Efficient Market Hypothesis Behavioral Finance Stock Market Project- be fully invested	Chapter 11 Chapter 12	1,2,3,5,6,9,18 1,2,3,4
4	Risk Aversion Optimal Risky Portfolios	Chapter 6 Chapter 7	4,5,13,14,15 11,12,14,15,16
5	Index Models The Capital Asset Pricing Model	Chapter 8 Chapter 9	1,2,3,7,8 1,2,3,13,14,15
6	<b>MIDTERM EXAMINATION (OCTOBER 14, 2009)</b>		
7	Arbitrage Pricing Theory Equity Valuation Models	Chapter 10 Chapter 18	1,2,4,6 2,4,5,6,7,8
8	Bond Prices and Yields	Chapter 14	1,3,6,7,12
9	Options Markets: Introduction	Chapter 20	1,5,6,7,12
10	Futures Markets	Chapter 22	2,3,4,5,7,10
11	<b>FINAL EXAMINATION (NOVEMBER 18, 2009)</b>		