FIN321 – INVESTMENT ANALYSIS
Fall 2006
California State University, San Marcos
College of Business Administration

Professor: Dr. Steve Zera
Office: MH 351
Phone: 750-4224
Office Hours: TBA
Optional Text: Fundamentals of Investments, Alexander/Sharpe/Bailey

COURSE OBJECTIVES: This course will provide students with an understanding of both investment theory and practice. Students will develop an appreciation for the relationship between risk and expected return. Spreadsheets will often be used to illustrate the material.

PREREQUISITE: FIN302 or FIN304

COURSE COVERAGE:

- utility theory
- risk aversion
- inflation
- the pricing of fixed income securities
- the term structure of interest rates
- bond duration
- the pricing of common stocks
- short selling
- margin requirements
- market microstructure
- market efficiency
- portfolio selection
- capital asset pricing model
- mutual funds
- equity options
- option pricing fundamentals
- put-call parity
- basic option trading strategies
- futures fundamentals
GRADING: Two exams will be given, a mid-term exam and a final exam. The final exam will not be comprehensive. Each exam will be weighted 50%. An acceptable 2500-word essay is also a requirement of this course, per University policy. The essay will be graded either acceptable or unacceptable. An essay grade of acceptable will not affect your course grade. An essay grade of unacceptable will result in a course grade of “F”.

The following scale will determine the student’s course grade:

<table>
<thead>
<tr>
<th>100-90</th>
<th>90-85</th>
<th>85-80</th>
<th>80-72</th>
<th>72-70</th>
<th>70-66</th>
<th>66-60</th>
<th>60-50</th>
<th>50-0</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>A-</td>
<td>B+</td>
<td>B</td>
<td>B-</td>
<td>C+</td>
<td>C</td>
<td>D</td>
<td>F</td>
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EXAMS: The exams may include multiple choice, essay, and problem-style questions. Students are responsible for both the lecture material and the assigned reading material. Emphasis will be placed on the lecture material. Makeup exams will not be given.

ESSAY: Acceptable essay topics will be discussed in class. The essay is due on the final exam date.

APPROXIMATE COURSE SCHEDULE:

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>Reading</th>
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</thead>
<tbody>
<tr>
<td>1,2</td>
<td>returns / risk aversion / utility of wealth / taxes / inflation</td>
<td>1,4,5,6</td>
</tr>
<tr>
<td>3,4,5</td>
<td>bond pricing / term structure / duration / TIIS</td>
<td>19,20,21</td>
</tr>
<tr>
<td>6</td>
<td>stock valuation / dividend discount models</td>
<td>13,14,15</td>
</tr>
<tr>
<td>7,8</td>
<td>securities markets and trading rules</td>
<td>2,3,4</td>
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<tr>
<td>9</td>
<td>exam</td>
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</tr>
<tr>
<td>10</td>
<td>portfolio selection / CAPM</td>
<td>7,8,9,10</td>
</tr>
<tr>
<td>11</td>
<td>mutual funds</td>
<td>23</td>
</tr>
<tr>
<td>12,13,14</td>
<td>option pricing fundamentals / basic option trading strategies</td>
<td>24</td>
</tr>
<tr>
<td>15</td>
<td>futures</td>
<td>25</td>
</tr>
<tr>
<td>16</td>
<td>final exam</td>
<td></td>
</tr>
</tbody>
</table>

The professor reserves the right to alter this syllabus at any time for any reason.

The prerequisites for this course are listed in the course catalogue. The instructor reserves the right to administratively drop, at any point, any student who has not met the prerequisites. Students choosing to withdraw from this course are responsible for doing so according to university procedures and deadlines.