I. **Course Description:**
The course is an introduction to investments, security markets and security valuation. The development of investment strategies based on efficient markets, asset pricing and portfolio theory will be covered extensively.

II. **Prerequisites:**
Course: FIN 311 – Principles of Finance.
Justification: This course covers basic finance terminology, theory and concepts.

III. **Course Learning Goals:** Upon completion of the course students will be able to:
   a) Calculate expected return and standard deviation of returns of an individual security and of a multi-asset portfolio.
   b) Explain the use of different types of orders to buy and sell securities and identify the correct order type based on the trader’s objectives.
   c) Calculate the gain or loss resulting from various stock transactions, including buying on margin and short sales.
   d) Calculate the intrinsic value of stock using the dividend discount model.
   e) Explain how and why a security’s price adjusts if the market is not in equilibrium.
   f) Define total risk, systematic risk, and unsystematic risk.
   g) Explain the effect of diversification on risk.
   h) Calculate the required rate of return using the Capital Asset Pricing Model.
   i) Calculate the required rate of return using beta and the equation for the security market line.
   j) Define three versions of the efficient markets hypothesis (EMH).
   k) Explain the implications of market efficiency for technical and fundamental analysis.
   l) Explain how stock options can be used for hedging and to profit from stock price movements.
   m) Calculate the gain or loss resulting from short and long positions in stock options.
   n) Calculate bond price, yield to maturity, and realized compound yield.
   o) Calculate Macauley’s duration and modified duration.
   p) Explain the use of duration to hedge interest rate risk.
   q) Identify two behavioral traits that interfere with rational investing.

IV. **Required Material:**
   c. A financial calculator.
V. **Teaching Methods:**
The primary teaching methods for this course include class lectures and in-class activities including discussion of projects and working problems. Class lectures are used to present institutional details, theories, and example problems. Projects and homework are used to reinforce application of concepts and theories, and to introduce students to library and other information sources.

VI. **Mechanisms for Feedback to Students/Interaction Between Students and Professors:**
Feedback to students is provided through written comments on assignments and exams, class discussion about assignments or exam questions and maintenance of office hours.

VII. **Evaluation Tools:**
Evaluation of student performance will be conducted by means of homework assignments group projects, and exams. Grades will be calculated based on the following point allocations:

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>POINT ALLOTMENT</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Exams</td>
<td>3 @ 150 points each</td>
<td>450</td>
</tr>
<tr>
<td><strong>Individual Bloomberg Market Concepts</strong></td>
<td>4 @ 25 points each</td>
<td>100</td>
</tr>
<tr>
<td>Individual Homework</td>
<td>12 @ 20 points each</td>
<td>240</td>
</tr>
<tr>
<td>Group In-Class Assignments</td>
<td>3@ 20 points each</td>
<td>60</td>
</tr>
<tr>
<td>Group Mutual Fund Research Project</td>
<td>1 @ 25 points</td>
<td>25</td>
</tr>
<tr>
<td>Group 401k Investment Project</td>
<td>1 @ 25 points</td>
<td>25</td>
</tr>
<tr>
<td>Group Bloomberg Assignments</td>
<td>4 @ 25 points each</td>
<td>100</td>
</tr>
<tr>
<td><strong>TOTAL points possible</strong></td>
<td></td>
<td><strong>1,000</strong></td>
</tr>
</tbody>
</table>

Individual homework is assigned and collected but not graded. The homework is to be done individually, not as group assignments. Points are given for completeness of assigned problems.

VIII. **Use of Technology and Information Systems**
Extensive use of Excel and Bloomberg is required to complete projects and some homework assignments.

IX. **Course Content:**
A. **Course Topics:***
   1. Brief History of Risk and Return
   2. The Investment Process
   3. Overview of Security Types
   4. Mutual Funds
   5. The Stock Market
   6. Common Stock Valuation
   7. Stock Price Behavior and Market Efficiency
   8. Behavioral Finance and the Psychology of Investing
   9. Interest Rates
   10. Bond Prices and Yields
   11. Diversification and Risky Asset Allocation

XI. **Late Policy:**
I have a zero tolerance late policy. Assignments must be turned in by their due date. If you cannot attend class when an assignment is due, it is your responsibility to submit your assignment prior to class time.
XII. **Academic Dishonesty:**
Academic dishonesty will not be tolerated and may result in the grade of “F” for the course. Cheating is a particularly egregious offense, and will not be taken lightly. The first time a student is caught cheating **will result in immediate dismissal from the class, and an “F” for the course.** Turning in identical homework, copying homework from others, using another student’s quiz results, looking at another students exam are all examples of cheating. If a student is found to be cheating this offense will be documented in the Dean’s office. This kind of documentation can prevent students from receiving scholarships and attending extra-curricular trips.

XIII. **Classroom Management Statement:**
Membership in the academic community places a special obligation on all members to preserve an atmosphere conducive to a safe and positive learning environment. Part of that obligation implies the responsibility of each member of the NAU community to maintain an environment in which the behavior of any individual is not disruptive.

It is the responsibility of each student to behave in a manner which does not interrupt or disrupt the delivery of education by faculty members or receipt of education by students, within or outside the classroom. The determination of whether such interruption or disruption has occurred has to be made by the faculty member at the time the behavior occurs. It becomes the responsibility of the individual faculty member to maintain and enforce the standards of behavior acceptable to preserving an atmosphere for teaching and learning in accordance with University regulations and the course syllabus.

At a minimum, students will be warned if their behavior is evaluated by the faculty member as disruptive. Serious disruptions, as determined by the faculty member, may result in immediate removal of the student from the instructional environment. Significant and/or continued violations may result in an administrative withdrawal from the class. Additional responses by the faculty member to disruptive behavior may include a range of actions from discussing the disruptive behavior with the student to referral to the appropriate academic unit and/or the Office of Student Life for administrative review, with a view to implement corrective action up to and including suspension or expulsion.

XIV. **Emergency Textbook Loan Program:** To help students acquire the materials they need to be successful in class. NAU has partnered with Follett to create the Emergency Textbook Loan program. The program is administered by the LEADS Center. The program assists students with unmet financial need in obtaining required textbook(s) and other materials for courses. Students must apply and meet eligibility criteria before textbooks are purchased on their behalf. Textbooks must be returned at the end of the term in which the textbooks were loaned. More information can be found online: [http://nau.edu/LEADS-Center/Textbook-Loan-Program/](http://nau.edu/LEADS-Center/Textbook-Loan-Program/)

XV. **University Policy Statements:**
University policies can be accessed via the following link. Please review them carefully. [http://nau.edu/OCLDAA/_Forms/UCC/SyllabusPolicyStmts2-2014/](http://nau.edu/OCLDAA/_Forms/UCC/SyllabusPolicyStmts2-2014/)
<table>
<thead>
<tr>
<th>Week</th>
<th>Areas of Study</th>
<th>Reading</th>
<th>Assignment</th>
<th>Due Date</th>
</tr>
</thead>
</table>
| 1 – 1/19 | Course Overview & Introduction  
Brief History of Risk and Return                                                      | Syllabus  
Chapter 1     | None                                                                      | 2/2      |
| 2 – 1/26 | The Investment Process                                                         | Ch. 2            | HW 1: 1-1, 1-2, 1-10, CFA 1-1, CFA 1-3, 2-1, 2-2, CFA 2-1, CFA 2-2, CFA 2-3, CFA 2-4 | 2/9      |
| 3 – 2/2  | Overview of Security Types  
Mutual Funds  
Group Mutual Fund Workday                                                           | Ch. 3  
Ch. 4     | HW 2: 3-2, 3-3, 3-5, 3-12, 3-14, 4-1, 4-5, 4-8, 4-17, CFA 4-1, CFA 4-2  
Group Mutual Fund Research Project | 2/4      |
| 4 – 2/9  | The Stock Market                                                              | Ch. 5            | HW 3: 5-1, 5-4, 5-5, 5-10, 5-14, 5-18, CFA 5-1  
Bloomberg Assignment I | 2/16     |
| 5 – 2/16 | Common Stock Valuation                                                        | Ch. 6            | HW 4: 6-1, 6-3, 6-4, 6-5, 6-6, 6-15, 6-20, 6-21, 6-22, 6-28, CFA 6-1, CFA 6-2, CFA 6-3, CFA 6-4, CFA 6-5  
Bloomberg Assignment II | 2/23     |
| 6 – 2/23 | Exam Review  
Midterm Exam 1                                                                | In-Class Assignment #1  
Chapters 1-6 | 2/23  
2/25 | 3/8      |
| 7 – 3/1  | Stock Price Behavior  
Behavioral Finance                                                              | Ch. 7  
Ch. 8     | HW 5: 7-5, 8-9, 8-13, CFA 8-1, CFA 8-2, CFA 8-3, CFA 8-4, CFA 8-5  
Bloomberg Assignment #2 | 3/10     |
| 8 – 3/8  | Interest Rates                                                                 | Ch. 9            | HW 6: 9-1, 9-5, 9-8, 9-16, 9-17, 9-21, CFA 9-1, CFA 9-2, CFA 9-3, CFA 9-4  
Bloomberg Assignment II | 3/22     |
| 3/14     | Spring Break  
** No Class **                                                               |                 |                                                                     | 3/29     |
| 9 – 3/22 | Bond Prices and Yields                                                         | Ch. 10           | HW 7: 10-1, 10-2, 10-5, 10-7, 10-9, 10-11, 10-13, 10-23, 10-24, 10-29, 10-32, CFA 10-1, CFA 10-2, CFA 10-3  
Bloomberg Assignment #3 | 3/31     |
| 10 – 3/29| Exam Review  
Midterm Exam 2                                                           | In-Class Assignment #2  
Chapters 7-10 | 3/29  
3/31 | 4/6      |
| 11 – 4/4 | Diversification and Risky Asset Allocation                                      | Ch. 11           | HW 8: 11-1, 11-2, 11-4, 11-5, 11-6, 11-7, 11-9, 11-12, 11-15, 11-16, CFA 11-1, CFA 11-2, CFA 11-3, CFA 11-4, CFA 11-5  
Bloomberg Assignment III | 4/12     |
| 12 – 4/12| Return, Risk, and the Security Market Line                                      | Ch. 12           | HW 9: 12-1, 12-2, 12-3, 12-4, 12-5, 12-9, 12-11, 12-12, 12-19, CFA 12-1, CFA 12-2, CFA 12-3, CFA 12-4  
Bloomberg Assignment #4 | 4/19     |
| 13 – 4/19| 401k Investment Project                                                        | Readings          | Group Submission  
Bloomberg Assignment IV | 4/26     |
Bloomberg Assignment V | 5/5      |
| 15 – 5/3 | Group Presentations                                                            | Group Project     | Top 5 Groups – Extra Credit  
In-Class Assignment #3 | 5/3      |
| ** FINAL EXAM ** |                                  |                 | ** FINAL EXAM ** | 5/12: 7:30 a.m. – 9:30 a.m. | 5/5      |