

Investment Analysis (BUS 355)

Professor: Joung Hwa Choi

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Class Time: MoWe 10:30-11:50 AM

Classroom: TBA

Office hours: Fr 8:30 AM -12:30 PM

Course Description: The objective of this course is to lay the foundations in finance theories. It first overviews the the basic types of securities and financial markets to give a good foundation to delve into the theories and analytical techniques in finance. Those include the Capital Asset Pricing Model, Arbitrage Pricing Theory, Efficient Market Hypothesis, Black-Scholes-Merton option pricing theory etc., as well as how to best allocate the capital given the investor's preferences such as return, risk and its preferences. It also examines the limits and applications of those theories.

Pre-requisites: ECO 108, BUS330, (BUS215)

Textbook: The textbook for this course is Bodie, Kane, Marcus, *Essentials of Investments* (12th edition), McGraw Hill. Lecture notes and other materials related to the class can be downloaded from the blackboard.

Evaluation and Grading: Evaluation will be based on

Course Component	Weighting A (normal case)	Weighting B (who miss midterm)	Weighting C (who miss final exam)
Attendance	10%	10%	10%
Report	15%	15%	15%
Midterm	30%	<u>20%</u>	<u>30%</u>
Quiz	15%	<u>20%</u>	<u>20%</u>
Final	30%	<u>35%</u>	<u>25%</u>
Class participation	upto 5 points to the final score (additionally)	upto 5 points to the final score (additionally)	upto 5 points to the final score (additionally)

Final Grade: At the end of the semester, students can pick the higher one for the final letter grade. The two letter grades are evaluated according to the following two schedules. +/- will be given at my disposal.

A	top 30% of the class	A	90 points and up
B	the next 35% of the class	B	75 to less than 90
C	the next 30% of the class	C	55 to less than 75
D&F	the rest	D&F	the rest

Course Outline (Tentative)

Week	Date	Investment Analysis (BUS 355)	Reading Assignment
Week 1	Feb. 22	Orientation	Ch. 1
	Feb. 24	Background (Ch. 1)	Ch. 2
Week 2	Mar. 1	Independence Movement Day: No class	Ch. 3,4
	Mar. 3	Assets Classes and Financial Instruments (Ch. 2)	Ch. 5
Week 3	Mar. 8	Risk, Return, and the Historical Record (Ch. 5)	Ch. 6
	Mar. 10		
Week 4	Mar. 15	Efficient Diversification (Ch. 6)	Ch. 7
	Mar. 17		
Week 5	Mar. 22	Capital Asset Pricing and Arbitrage Pricing Theory (Ch. 7)	Ch. 8
	Mar. 24		
Week 6	Mar. 29	The Efficient Market Hypothesis (Ch. 8)	Ch. 10
	Mar. 31		
Week 7	Apr. 5	Midterm Reivew	Ch. 11
	Apr. 7		
Week 8	Apr. 12	Midterm	Ch. 13
	Apr. 14	Bond Prices and Yields (Ch. 10)	
Week 9	Apr. 19	Managing Bond Portfolios (Ch. 11)	Ch. 15
	Apr. 21		
Week 10	Apr. 26	Quiz_Ch. 10, 11 (Movie Big Short: Report)	Ch. 16
	Apr. 28		
Week 11	May 3	Equity Valuation (Ch. 13)	Ch. 15
	May 5		
Week 12	May 10	Options Market (Ch. 15)	Ch. 16
	May 12		
Week 13	May 17	Option Valuation (Ch. 16)	Ch. 16
	May 19		
Week 14	May 24	Final Reivew	Ch. 16
	May 26		
Week 15	May 31	Correction Day: No class (Wednesday's schedule)	Ch. 16
	Jun. 2		
Week 16	Jun. 7	Final 12:30-3:00 PM	Ch. 16
	Jun. 9		
Week 17	Jun. 16 (Thu)	Final 12:30-3:00 PM	Ch. 16

- The class format is subject to change according to the government' social distance policy.