

## Investment Analysis (BUS 355)

**Professor: Joung Hwa Choi**

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**Class Time: TuTh 9:00-10:20 AM**

**Classroom: TBA**

**Office hours: Fr 9:30 AM -12:30 PM**

**Course Description:** The objective of this course is to lay the foundations in finance theories and asset valuations. 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, 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. And then, we move into more details of equity valuation and options market as well as bond portfolio rebalancing.

**Pre-requisites:** ECO 108, BUS330, (ACC210)

**Textbook:** The textbook for this course is Bodie, Kane, Marcus, *Essentials of Investments* (12<sup>th</sup> 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)
Attandance	10%	10%	10%
Report	10%	10%	10%
Midterm	25%	<u>20%</u>	<u>25%</u>
Quiz	15%	15%	15%
Team Presentation	10%	10%	10%
Final	30%	<u>35%</u>	<u>30%</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	Aug. 30	Orientation_Quick Test (BUS330)	Ch. 5
Week 2	Sep. 1	Basics for BUS355	
	Sep. 6		
	Sep. 8	Risk, Return, and the Historical Record (Ch. 5)	
Week 3	Sep. 13 Sep. 15		Ch. 6
Week 4	Sep. 20 Sep. 22	Efficient Diversification (Ch. 6)	Ch. 7
Week 5	Sep. 27 Sep. 29	Capital Asset Pricing and Arbitrage Pricing Theory (Ch. 7)	Ch. 8
Week 6	Oct. 4	Correction Day: No class (Monday's schedule)	
Week 7	Oct. 6	The Efficient Market Hypothesis (Ch. 8)	
	Oct. 11		
	Oct. 13	Financial Instrument (Ch.2), Financial Crisis (Ch. 1_7)	Ch. 1, 2
Week 8	Oct. 18	Big Short (Movie)_Report	Due date: Oct. 28 (Fri.) Ch. 13
	Oct. 20	Midterm Q&A	
Week 9	Oct. 25	Midterm	Analyst Report_Sample Ch. 10
	Oct. 27	Equity Valuation (Ch. 13)	
Week 10	Nov. 1 Nov. 30		
	Nov. 8		
Week 12	Nov. 10	Bond Prices and Yields (Ch. 10)	Ch. 11
	Nov. 15		
Week 13	Nov. 17	Managing Bond Portfolios (Ch. 11)	Ch. 15
	Nov. 22		
Week 14	Nov. 24	Quiz_Ch. 10, 11	
	Nov. 29 Dec. 1	Options Market (Ch. 15)	
Week 15	Dec. 6	Team Presentation	
	Dec. 8	Correction Day: No class (Friday's schedule)	
Week 16		Final (TBD)	

### **Student Accessibility Support Center Statement**

If you have a physical, psychological, medical, or learning disability that may impact your course work, please contact the Student Accessibility Support Center, Stony Brook Union Suite 107, (631) 632-6748, or at [sasc@stonybrook.edu](mailto:sasc@stonybrook.edu). They will determine with you what accommodations are necessary and appropriate. All information and documentation is confidential.

### **Academic Integrity Statement**

Each student must pursue his or her academic goals honestly and be personally accountable for all submitted work. Representing another person's work as your own is always wrong. Faculty is required to report any suspected instances of academic dishonesty to the Academic Judiciary. Faculty in the Health Sciences Center (School of Health Technology & Management, Nursing, Social Welfare, Dental Medicine) and School of Medicine are required to follow their school-specific procedures. For more comprehensive information on academic integrity, including categories of academic dishonesty please refer to the academic judiciary website at [http://www.stonybrook.edu/commcms/academic\\_integrity/index.html](http://www.stonybrook.edu/commcms/academic_integrity/index.html)

### **Critical Incident Management**

Stony Brook University expects students to respect the rights, privileges, and property of other people. Faculty are required to report to the Office of University Community Standards any disruptive behavior that interrupts their ability to teach, compromises the safety of the learning environment, or inhibits students' ability to learn. Faculty in the HSC Schools and the School of Medicine are required to follow their school-specific procedures. Further information about most academic matters can be found in the Undergraduate Bulletin, the Undergraduate Class Schedule, and the Faculty-Employee Handbook.