



**CALIFORNIA STATE UNIVERSITY, STANISLAUS
COLLEGE OF BUSINESS ADMINISTRATION**

**FIN 5220 Security Analysis & Portfolio Management
Online MBA Fall 2013**

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Instructor:

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Office Hours: Tuesdays 11:00 am – 12:30 pm, Wednesdays 8:30 am – 12:00 pm,
or by appointments

Course Information

- **Class Time:** This is a fully ONLINE class. We do not meet on campus for lectures, discussion, or exams. Students need to login Blackboard (<http://blackboard.csustan.edu>) to complete the class assignments as well as quizzes and exams. However, students are encouraged to make appointment with the instructor for office hours on campus or online for any questions regarding the course.
- **Textbook:**
 - Investments, 9/e by Bodie, Kane, and Marcus, ISBN: 0073530700
- **Required reading**
 - A Random Walk Down Wall Street: The Time-Tested Strategy for Successful Investing, by Burton Malkiel, 10e, ISBN-13: 978-0393340747
- **Recommended Financial Press:** The Wall Street Journal
- **Prerequisites:** FIN 5020 or equivalent.
- **Calculator:** A financial calculator is needed for the course. The instructor will use a “Texas Instruments BA II Plus Professional” in class (Retail Price: \$41.54). However,

any of the following calculators could work for this class, including HP 10B, HP 12C, HP 17B II, TI BA II PLUS, TI BA II PLUS Professional, TI 83, and TI 83 PLUS.

Course Description

This course explores the theory and practice of investments. Topics include the capital market structure, equity valuation, efficient diversification, portfolio management, and behavioral finance. This course will emphasize an understanding of the economic forces that influence the pricing of financial assets. Understanding of investment theory will be stressed and tied in with discussion of applicable techniques, including the portfolio selection.

Learning Objectives

- Value assets such as stocks and bonds
- Manage investment portfolios
- Optimally diversify portfolios
- Allocate investments into stocks and bond portfolios in accordance with investor's return and risk preferences
- Understand what margins are and when a trading account will receive a margin call
- Measure the riskiness of a stock or a portfolio position
- Evaluate investment advice from brokers and the financial press

The course is designed to meet the needs of students who plan to pursue a career in the investment field. Nonetheless, with the trend towards the defined contribution pension plans, most people will face the need to construct their own investment portfolio. This course is useful for personal financial planning as well.

Coursework

- Students need to participate in a portfolio management simulation competition. More details about the project are [attached](#) after the Course Calendar.
- Students are required to review the book "A Random Walk Down Wall Street". A written book review report is due on December 1st. In the report, illustrate at least five arguments from the book and also critique on each argument, i.e., whether you agree or disagree with each argument or how you can apply that in practice.
- Students need to login Blackboard to complete the course work. The course is designed on a weekly basis. We plan to cover 22 chapters this semester where most of the time, we cover two chapters in one week. Please refer to Course Calendar for the schedule of each week. Students need to complete the assigned chapter(s) and related assignments each week.
- Students need to take a quiz online at the Learning Center of the textbook for each chapter covered. Since we mostly cover two chapters per week, it means students need to do two quizzes in one week. There will be 10 multiple choice questions for each quiz/chapter. After the quiz is completed and submitted, students will receive immediate grading of the quiz.

Students then need to email the results of your quiz to the instructor. There are unlimited attempts allowed for each quiz. Please email the instructor the best result you achieved. However, no late submission is accepted. The email reporting quiz results must be received before the deadline is hit. Over the semester, the highest 20 scores out of 22 will be counted into your final grade. Any missing quiz will receive zero points. This is the link of the Learning Center of the text book (http://highered.mcgraw-hill.com/sites/0073530700/student_view0/) for the quiz, and a tutorial is available of completing the quiz and sending the results.

- There will be three open-book online exams: two midterm exams and a final exam. The final exam is NOT comprehensive. Therefore, each exam covers chapters after the prior exam. There might be true/false, multiple choice, essay, or mini case questions in each exam. The duration for each exam is two hours. A financial calculator is required for the exams. Students can take the exam anytime within each exam week. There are three attempts for each exam. The highest score among the three attempts will be counted into the final grade.
- Problems in the textbook will be assigned after each chapter for self-practice purpose. They will not be collected. In fact, the answers will be posted each week. Students are expected to practice on these problems before taking the quiz and exams.
- Students are expected to actively participate in the class discussion via Discussion Board on Blackboard. Every week, there will be at least one specific topic per chapter for discussion. Each student is expected to post your own remarks (for each topic) and reply **TIMELY** at least twice to others posting. Students can also post questions or key issues related to the materials anytime during the semester.
- Remediation: If students score 50% or lower for the exams, students may contact the instructor to arrange for a challenge exam in the following week. For the written reports, it will still be accepted one week (no later than one week) after due date, with 10 percent grade discount as penalty after the due date.

Information Literacy and Library Use

Students will learn to collect relevant information from various sources, including company webpages and finance websites, and utilize the information for course material application and for the simulation project. Library resources will also be utilized in this course. Students will need to access different electronic databases via university library website, such as Value Line and Standard & Poor's. The link to the university library website is provided on Blackboard, also as the following: <http://library.csustan.edu>.

Grading

The final grade will be determined as follows:

Item	Weight
Exam 1	15%
Exam 2	15%
Final Exam	15%
Book Review	10%
Simulation Project	15%
Quiz	10%
Class Participation	20%
Total	100%

There are possibly three bonus points from the Simulation Project as well.

Grades will be assigned as follows:

- 93 to 100 points A
- 90 to 92.9 points A-
- 87 to 89.9 points B+
- 83 to 86.9 points B
- 80 to 82.9 points B-
- 77 to 79.9 points C+
- 73 to 76.9 points C
- 70 to 72.9 points C-
- 60 to 69.9 points D
- 59.9 or fewer points F

Participation grading rubric

Grading rubric for EACH weekly discussion

Points	Evaluation	Activity Expectations
4	Excellent	Post one message for each topic that is accurate, original, and relevant to the materials and reply twice or more TIMELY in others' postings
3	Above Average	Post one message for each topic that contains some information and reply at least once to others' posting
2	Average	Post one message that contains little information and reply at least once to others' posting
1	Minimal	Reply at least once to others' posting
0	Unacceptable	No participation in the forum

Final Participation Grade

Participation	Points	Explanation
20%	50+	If you get 50 and more as your total

		points in the 16 discussion forums through the semester, you get 20% full credit for your class participation
20%*Points/50	0-49	If you get less than 50 as your total points in the 16 discussion forums, your participation will be 20% * Points/50

Tech Skills Prerequisites and Supports

- Course is delivered via Blackboard at <http://blackboard.csustan.edu>.
- Students are expected to be able to use PowerPoint, Excel, and Word. Having the access of high speed Internet is expected. For the Internet browser, Firefox is recommended especially when taking exams on Blackboard. To get Firefox, please go to the following website: <http://www.mozilla.com/en-US/firefox/>.
- For any technical support, please contact the university OIT help desk at (209) 667-3687 or email HelpDesk@csustan.edu.

Course Policies

- Communication: Students are encouraged to contact the instructor via emails (Please include “OMBA5220” in your email’s subject). Students should expect a response by email within one business day. The second preference of communication will be text message to my cell phone (330-256-4587). Leave a message first if you would like to talk over the phone since I may not be available when you call. There are regular office hours by appointments when students can come in and talk to the instructor face-to-face. However, virtual office hours via Illuminate or by phone can also be set up by appointments.
- Make-Up Exams: If students have conflicts with the week of an exam, arrangements can be made so that students can take the exam at a different time. Students need to notify the instructor in advance (by at least one week) to request for the re-arrangement and provide documentations of a legitimate reason for missing the exam.
- Special Needs: Students with disabilities seeking academic accommodations must first register with the Disability Resource Services (DRS) program, located in MSR 210, ph. (209) 667-3159. Students are encouraged to talk with the instructor regarding their accommodation needs after registering with DRS.

- **Academic Dishonesty:** Although students are encouraged to work in small groups for course materials and case study in this online course, quizzes and exams should be your individual work. Anyone participating (actively or passively) in the unethical utilization or exchange of information for any exam will receive a failing grade in FIN 5220 and will have a memorandum explaining his or her involvement in the incident, placed in his or her permanent record in the Dean's office.
- **Netiquette:** Students are expected to show politeness, appropriateness, and respect towards others in live chats, synchronous meetings, discussion boards, emails, or other electronic forums. Students are also encouraged to listen actively, think critically, think creatively, and communicate confidently through the whole semester.
- We are using Pacific Time for this course and throughout the semester. If you are at a different time zone, make sure you realize all deadlines of assignments, quiz, or exam etc. will be based on Pacific Time.
- **Late Submission:** The late submission of simulation project report and book review report will be accepted only within one week after the due day, in which case, there will be a 10% discount in the grade received as the penalty.
- **Grade:** If there are questions about the grade after it is granted, students should contact the instructor for more information about the grade.

General Advice

(1) Make sure you have the necessary prerequisites for the course, (2) study PowerPoint slides for each chapter from Blackboard by the class schedule, (3) do the assigned problems in each chapter as the material is covered, (4) take the quiz for each chapter in time, (5) take the midterm and the final exams within the exam week, (6) actively participate in the class discussion forum, and (7) contact the instructor should you have any problems regarding the class materials.

FIN 5220– Fall 2013*, Course Calendar**

Week	Topic	Reading (Chapters)	Assignments***
ONE 08/22-08/25	Course Syllabus and Administrative Matters		Discussion Forum
TWO 08/26-09/01	The Investment Environment and Tools	1&2	Quizzes 1&2 Discussion Forum
THREE 09/02-09/08	How Securities are Traded Mutual Funds Simulation Game Starts on 09/03	3&4	Quizzes 3&4 Discussion Forum
FOUR 09/09-09/15	Return, Risk and Capital Allocation	5&6	Quizzes 5&6 Discussion Forum
FIVE 09/16-09/22	Optimal Risky Portfolios and Index Models	7&8	Quizzes 7&8 Discussion Forum
SIX 09/23-09/29	Exam 1		
SEVEN 09/30-10/06	CAPM and APT Models	9&10	Quizzes 9&10 Discussion Forum
EIGHT 10/07-10/13	The Efficient Market Hypothesis	11	Quizzes 11 Discussion Forum
NINE 10/14-10/20	Behavioral Finance and Empirical Evidence on Security Returns	12&13	Quizzes 12&13 Discussion Forum
TEN 10/21-10/27	Financial Statement Analysis and Portfolio Performance Evaluation	19&24	Quizzes 19&24 Discussion Forum
ELEVEN 10/28-11/03	Exam 2		
TWELVE 11/04-11/10	Bond Pricing and Term Structure of Interest Rates	14&15	Quizzes 14&15 Discussion Forum
THIRTEEN 11/11-11/17	Managing Bond Portfolios	16	Quiz 16 Discussion Forum

FOURTEEN 11/18-11/24	Security Analysis Simulation Game ends on 11/22	17&18	Quizzes 17&18 Discussion Forum
FIFTEEN 11/25-12/01	Book Report Due by 12/01		
SIXTEEN 12/02-12/08	International Diversification and Hedge Funds	25&26	Quizzes 25&26 Discussion Forum
Final Week 12/09-12/15	Simulation Report Due by 12/09 Final Exam		

***: Observed holidays on University Calendar include 09/02, 11/11, 11/28, and 11/29. October 10th is non-instructional day.**

****: The instructor reserves the right of changing this schedule when it is necessary.**

*****: The numbering of quizzes is consistent with the chapter tested. There are overall 22 quizzes for 22 chapters.**

Attachment A:

A To Do List for Each Regular Week*

- Read book chapters based on the Course Calendar, study the power point slides posted on Blackboard.
- Join the class discussion. Post for each topic of the week and reply at least twice in the timely manner.
- Practice with the assigned chapter problems and do self-check with the answers posted.
- Complete the online quiz of each chapter and email the results to the instructor for credit.
- Manage the simulation portfolio to achieve the good performance (during 09/03-11/22).

*: Weeks 6, 11, 14, 15, and the final week are NOT regular weeks. Please check the Course Calendar for the assignments of these weeks.

Attachement B :

FIN 5220 Portfolio Management Simulation

Registration

1. Please go to the Virtual Stock Exchange web page:
<http://www.marketwatch.com/game/fin5220fall2013> for the registration.
2. To join the game, put in the password: Turlock
3. If you are not yet a member, you need to register (free registration), otherwise you just log in.
4. Please register your account before September 3, 2013, when the trading period begins.

Trading rules

1. Your initial is \$500,000.
2. The trading dates are from September 3, 2013 to November 22, 2013 (12 weeks).
3. The game is free.
4. More trading rules can be found on the web page after you join the game.

Evaluation

1. In the game, you have to make at least 15 trades and apply at least 5 different theories/techniques that you learn from the class or from other sources, which decides your 5 points for the game. The next 10 points depend on your project write-up. Your portfolio performance decides your extra bonus points for the class.
2. The final project write-up is due on December 9, 2013. Late submission will be accepted only within one week after the due date, in which case there is a 10% grade discount as the penalty. Include the following analysis in your final report:
 - a. What are your total portfolio return, weekly average return, weekly standard deviation, and the beta during this 10-weeks trading period?
 - b. Compute the Sharpe's measure, Treynor's measure, Jensen's measure, information ratio, and M^2 for your portfolio.
 - c. Illustrate the 5 different investment strategies you apply in your portfolio.
 - d. What are sources of the materials you use for your investment strategy? Do you find the materials you use for investment decisions helpful?
 - e. If you had it to do all over again, would you change your investment strategy in any way? If not, why? If yes, how?
3. The portfolio performance is evaluated by the total return, the Sharpe's measure, and the Treynor's measure (each with 1/3 weight). The top winners earn extra credits for the class.
 - Top 1: 3 bonus points
 - Top 2: 2 bonus points
 - Top 3: 1 bonus points