

Course Syllabus

BUS 172A (Investment Analysis), Spring 2016

Section 01 : Tu, Th 1:30PM – 2:45 PM Room: BBC 322
Thursday, Jan 28 – Tuesday, May 12, 2016

Section 02: Tu 6:00PM – 8:45 PM Room: BBC 322
Thursday, Jan 28 – Tuesday, May 10, 2016

No lecture days:

March 29 (Tuesday): Spring break

March 31 (Thursday): Cesar Chavez day, campus closed

(March 28 (Monday) – April 1 (Friday): Spring break)

General Information

Instructor: Dr. Jang H. Cho	Phone: 408-924-3489
Office: BT 854	Fax: 408-924-3463
Office Hours: Tuesday 3:00 PM – 5:00 PM or by appointment	E-mail: jang-hyung.cho@sjsu.edu

College of Business Mission

We are the *institution of opportunity* in *Silicon Valley*, educating future leaders through *experiential learning* and character development in a *global business community* and by conducting *research* that contributes to business theory, practice and education.

BSBA Program Learning Goals

1	Business Knowledge	Understand basic business principles and demonstrate discipline-specific competencies as applied to local and global environments.
2	Communication	Communicate ideas clearly, logically, and persuasively in oral and written format, using technology appropriately.
3	Ethical Awareness	Recognize, analyze, and articulate solutions to ethical issues that arise in business.
4	Leadership Diversity & Teams	Comprehend the challenges and opportunities of leading and working in diverse teams and environments.
5	Critical Thinking	Comprehend, analyze, and critically evaluate complex unstructured qualitative and quantitative problems, using appropriate tools and technology.
6	Innovation	Recognize, analyze, and articulate strategies for promoting creativity and innovation.

Course Description

Procedures and tools necessary to evaluate investment variables, determine value and analyze risk/return characteristics of equity, fixed income securities, and alternative individual investments. Emphasizes responsible decisions and provides background for portfolio analysis.

Course Goals and Student Learning Objectives

Students will be able to:

- LO1 – Understand the return/risk profile of different asset classes
- LO2 – Understand cash accounts, margin accounts and short sales
- LO3 – Understand the structure and costs of mutual funds, closed-end funds and ETFs.
- LO4 – Understand the differences between time-weighted and dollar-weighted returns.
- LO5 – Understand efficient diversification and selection of optimal portfolios.
- LO6 – Understand asset pricing models like CAPM and its applications
- LO7 – Understand how to price equity securities using Dividend Discount Model, P/E ratio, and Enterprise Valuation approaches.
- LO8 – Understand how to evaluate performance and compute risk-adjusted returns
- LO9 – Understand the strengths and limitations in the Efficient Market Hypothesis and Behavioral Finance.

Course Prerequisites

- BUS 170 with minimum grade of "C", (prerequisites are strictly enforced!). It is also assumed that students are familiar with basic concepts of accounting and algebra. Furthermore, it is assumed that students are sufficiently computer-literate to generate EXCEL-spreadsheet analyses of the problems and cases addressed in the course.

Course Materials

- **Textbook:** Required custom edition of Bodie, Kane, and Marcus (BKM) "Essentials of Investments", 9th edition, McGraw-Hill.
 - Available from the School book store (Spartan Bookstore).
 - ISBN: 9781308171890
- **Course Reader:** Mandatory to bring it to class.
 - It contains Lecture handouts.
 - The reader is available from the Maple Press (on 330 S. 10th St., Suite 200)

Grading

Exam #1	30%
Exam #2	30%
Team based Case Analysis and Presentation (three cases)	15%
Homework assignment – Portfolio optimization	4%
Online quiz	15%
Participation	6%
Total	100%

Letter Grade	Range	Letter Grade	Range	Letter Grade	Range	Letter Grade	Range
A+	[97-100%]	A	[94-97%]	B-	[80-84]	D+	[67-70]
		A-	[90-94]	C+	[77-80]	D	[64-67]
		B+	[87-90]	C	[74-77]	D-	[60-64]
		B	[84-87]	C-	[70-74]	F	[0-60]

Note that “All students have the right, within a reasonable time, to know their academic scores, to review their grade-dependent work, and to be provided with explanations for the determination of their course grades.” See [University Policy F13-1](http://www.sjsu.edu/senate/docs/F13-1.pdf) at <http://www.sjsu.edu/senate/docs/F13-1.pdf> for more details.

Exams

- Examinations are non-cumulative.
- Bring your scantrons.
- Bring your financial calculator and make sure that your calculator works. Don't ask how to use the calculator on the exam day.

Online Quiz

- The graded homework will be administered for each chapter and graded through Canvas.
- The log-on period to do the homework is over the five days after the chapter is covered.

Participation

- Participation is based on 10 points.
- Starting participation point is 5.
- The following participation during classes will be rewarded by 1 point each time.
 - *Answering to questions verbally during lectures*
 - *Solving questions on the board*
 - *Asking course topic related questions*
- The following behaviors during classes will be penalized by 1 point each time. Some of the behaviors will be pointed out; others will be just marked on a grading sheet during the class.
 - *Text messaging*
 - *Eating foods except for beverages*
 - *Sleeping during classes*
 - *Unpermitted conversations with classmates*
 - *Leaving early before the class ends*
 - *Going outside of the classroom more than once before the class ends (or before a break time begins)*
 - *Working on other class materials, reading newspapers, etc.*
 - *Using laptops in the class*

Case Analysis and Presentation

- The objective of the case method is to use the logic of financial theory to reach sensible conclusions when faced with real world problems.

Case ID	Title	Product number
1	Beta Management Co.	292122-PDF-ENG
2	Marriott Corp.: The Cost of Capital	289047-PDF-ENG
3	Mercury Athletic: Valuing the Opportunity	4050-PDF-ENG

- Go to <http://hbr.org/case-studies> and purchase the cases. Each team should purchase **all the cases**. When you make the purchases, you will need the titles of the cases and product numbers.
- Show the purchased cases in the fourth week to the instructor.
- Determine your team members before the second week of the course and report the list of members by the **third week session**.
- During the case presentation and the following Q&A session, all members of the team must evenly contribute.
- Once the teams are formed, the team can't be split. To ensure that all team members evenly contribute to the case analysis, a penalty will be applied to the non-contributing member if any of the members in the group notify me.

Comments on Case Report

- Each team is required to submit their conclusions (and answers to suggested questions) for each of all three cases in at most three-page executive summary. Identify the objective and the main issues of the case in the report write-up.
- Supporting computations and tables must be included in an appendix. All of the assumptions and formulas used should be provided in an **appendix**.
- Suggested case questions are available in “**Introduction to cases and suggested questions**” on Canvas. Follow the suggested questions to produce the executive summary and appendices.
- Use the “**Case cover page**”, available on Canvas, and write the names of all team members who participated on the cover page.
- The font size should be no smaller than Times New Roman 12. Any numbers of appendices are allowed.

Grading of case analysis

- Each team (with five members) has to report the analysis of all the three cases. Determine your team members before the second week of the course and report the list of members by the third week session.
- There will be around ten teams among which only three teams will make the presentations. The presentation will be determined by the first come will first serve basis. The presenting team will be awarded 2 points onto the total grade.
- In Q&A session after each presentation, the participants will be awarded 0.5 point onto the total grade. Confirm whether your name is marked, after class, if you participate in the Q&A session.
- Case reports should be clearly typed using the Word processor with correct spelling and grammar. Any clumsy report with wrong spelling and grammatical errors will be penalized accordingly.
- Previously, the average of case was between 80 and 90.

Homework Assignment

- This individual-based assignment is about the portfolio optimization with multiple risky assets.

Course Schedule

The following course schedule will change.

Topics	Topics to be covered	Assigned Readings
1	Investments: Background and Issues	Chapter 1
2	Asset Classes and Financial Instruments	Chapter 2
3	Securities Markets	Chapter 3
4	Mutual Funds and Other Investment Companies	Chapter 4
	Midterm Exam (Ch. 1, 2, 3, 4) March 24, Thr (Section 1) April 5, Tue (Section 2)	
5	Risk and Return: Past and Prologue	Chapter 5
6	Efficient Diversification Case: Beta management	Chapter 6
	Case report due (Beta management) Case Presentations and Q&As	
7	CAPM (cost of capital) Case: Marriot	Chapter 7
	Case report due (Marriott)	

	Case Presentations and Q&As	
8	Firm and Equity Valuation Case: Mercury, Inc.	Chapter 13
	Case report due (Mercury) Case Presentations and Q&As	
9	Behavioral Finance	Chapter 9
	Final Exam (Ch. 5, 6, 7, 9, 13) Section 01: May 19 (Thursday), 12:15 pm -2:30 pm Section 02: May 18 (Wednesday), 2:45 pm - 5:00 pm	

Course Requirements and Assignments

SJSU classes are designed such that in order to be successful, it is expected that students will spend a minimum of forty-five hours for each unit of credit (normally three hours per unit per week), including preparing for class, participating in course activities, completing assignments, and so on. More details about student workload can be found in [University Policy S12-3](http://www.sjsu.edu/senate/docs/S12-3.pdf) at <http://www.sjsu.edu/senate/docs/S12-3.pdf>.

Study Item	Hours
Reading, 13.5 assignments, 3 hours per week	40
Online quiz, 2 hours per quiz, 9 quizzes	18
Case analysis (Team Meetings, Research, Write Paper), 10 hour per case, three cases	30
Study for Midterm-, Final-exams, 8 hours each	16
Project assignment: "portfolio optimization" (data retrieving, analysis, writing paper)	10
Total	114

[University policy F69-24](http://www.sjsu.edu/senate/docs/F69-24.pdf) at <http://www.sjsu.edu/senate/docs/F69-24.pdf> states, “Students should attend all meetings of their classes, not only because they are responsible for material discussed therein, but because active participation is frequently essential to insure maximum benefit for all members of the class. Attendance per se shall not be used as a criterion for grading.”

University Policies:

General Expectations, Rights and Responsibilities of the Student

As members of the academic community, students accept both the rights and responsibilities incumbent upon all members of the institution. Students are encouraged to familiarize themselves with SJSU's policies and practices pertaining to the procedures to follow if and when questions or concerns about a class arises. To learn important campus information, view University Policy S90-5 at <http://www.sjsu.edu/senate/docs/S90-5.pdf> and SJSU current semester's Policies and Procedures, at <http://info.sjsu.edu/static/catalog/policies.html>. In general, it is recommended that students begin by seeking clarification or discussing concerns with their instructor. If such conversation is not possible, or if it does not address the issue, it is recommended that the student contact the Department Chair as the next step.

Dropping and Adding

Students are responsible for understanding the policies and procedures about add/drop, grade forgiveness, etc. Add/drop deadlines can be found on the current academic year calendars document on the [Academic Calendars webpage](http://www.sjsu.edu/provost/services/academic_calendars/) at http://www.sjsu.edu/provost/services/academic_calendars/. The [Late Drop Policy](http://www.sjsu.edu/aars/policies/latedrops/policy/) is available at <http://www.sjsu.edu/aars/policies/latedrops/policy/>. Students should be aware of the current deadlines and penalties for dropping classes.

Information about the latest changes and news is available at the [Advising Hub](http://www.sjsu.edu/advising/) at <http://www.sjsu.edu/advising/>.

Consent for Recording of Class and Public Sharing of Instructor Material

[University Policy S12-7](http://www.sjsu.edu/senate/docs/S12-7.pdf), <http://www.sjsu.edu/senate/docs/S12-7.pdf>, requires students to obtain instructor's permission to record the course and the following items to be included in the syllabus:

- “Common courtesy and professional behavior dictate that you notify someone when you are recording him/her. You must obtain the instructor's permission to make audio or video recordings in this class. Such permission allows the recordings to be used for your private, study purposes only. The recordings are the intellectual property of the instructor; you have not been given any rights to reproduce or distribute the material.”
 - It is suggested that the greensheet include the instructor's process for granting permission, whether in writing or orally and whether for the whole semester or on a class by class basis.
 - In classes where active participation of students or guests may be on the recording, permission of those students or guests should be obtained as well.
- “Course material developed by the instructor is the intellectual property of the instructor and cannot be shared publicly without his/her approval. You may not publicly share or upload instructor generated material for this course such as exam questions, lecture notes, or homework solutions without instructor consent.”

Academic integrity

Your commitment, as a student, to learning is evidenced by your enrollment at San Jose State University. The [University Academic Integrity Policy S07-2](http://www.sjsu.edu/senate/docs/S07-2.pdf) at <http://www.sjsu.edu/senate/docs/S07-2.pdf> requires you to be honest in all your academic course work. Faculty members are required to report all infractions to the office of Student Conduct and Ethical Development. The [Student Conduct and Ethical Development website](http://www.sjsu.edu/studentconduct/) is available at <http://www.sjsu.edu/studentconduct/>.

Campus Policy in Compliance with the American Disabilities Act

If you need course adaptations or accommodations because of a disability, or if you need to make special arrangements in case the building must be evacuated, please make an appointment with me as soon as possible, or see me during office hours. [Presidential Directive 97-03](http://www.sjsu.edu/president/docs/directives/PD_1997-03.pdf) at http://www.sjsu.edu/president/docs/directives/PD_1997-03.pdf requires that students with disabilities requesting accommodations must register with the [Accessible Education Center](http://www.sjsu.edu/aec) (AEC) at <http://www.sjsu.edu/aec> to establish a record of their disability.

- 408-924-6000, aec-info@sjsu.edu, aec-exams@sjsu.edu