**INVESTMENT ANALYSIS in Fall 2020 (BA4010)**

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| **Course Code** | BA4010 | **Professor(s)** | James Ward |
| **Prerequisites** | None | **Office Number** | G-3A04 |
| **Class Schedule** | F: 14:30-16:05 in G-002<br>T: 09:00-10:35 in G-002 | **Office Hours** | Monday, 9 to NOON, Thursday by appointment |
| **Credits** | 4 | **Email** | jward@aup.edu |
| **Semester** | Fall 2020 | **Office Tel. Ext.** | x 803 |

# Course Description

The course introduces students to the processes and analytical tools necessary for investment decisions. It provides the basic skills, modes of analysis and background useful to work in the investment area of finance firms or as individual investor. Students who successfully complete the course are expected to be able to work in the field or to continue specializations in Security Analysis, Credit Analysis or Portfolio Management.

# Course Learning Outcomes

Be familiar with many areas of investment analysis both from a theoretical and practical side.
Describe the general structure of various financial markets.
Value financial products such as common stocks (both undervalued and overvalued) and fixed-income securities.
Use financial derivatives as hedging instruments and speculative instruments.
Compare and contrast different investment management approaches (e.g., passive vs. active).
Students will be able to engage in the writing practices and culture of their International Finance major, adding to the skills they acquired in their Research, Interpretation, and Writing classes to develop a personal, authentic disciplinary voice.

# General Education

This course in not part of the GLACC. Please see your advisor to ensure that you are achieving the GLACC requirements for earning a degree at AUP.

# Course Outline

**II. Learning Objectives**

Upon the successful completion of this course, the student will be able to:

- be familiar with many areas of investment analysis both from a theoretical and practical side.
- Describe the general structure of various financial markets.
- Value financial products such as common stocks (both undervalued and overvalued) and fixed-income securities.
- Use financial derivatives as hedging instruments and speculative instruments.
- compare and contrast different investment management approaches (e.g., passive vs. active)
- Make billions of dollars and endow a Chair for Professor Ward.

**IV. Teaching Method**

- This course consists of lectures on the assigned readings, individual take-home and in-class assignments, class discussion, and individual and group case analyses and work.
- OUTLINE: (tentative)
- Part 1: THE INVESTMENT BACKGROUND.
- 1.Overview of Investment Management (instructors notes)
- Part 2: DEVELOPMENTS IN INVESTMENT THEORY.
- 6. Efficient Capital Markets.
- 7. An Introduction to Portfolio Management.
- 8. An Introduction to Asset Pricing Models.
- 9. Multifactor Models of Risk and Return.
- Part 3: VALUATION PRINCIPLES AND PRACTICES.
- 10. Analysis of Financial Statements.
- 11. An Introduction to Security Valuation.
- Part 4: ANALYSIS AND MANAGEMENT OF COMMON STOCKS .
- 12. Macroanalysis and Microvaluation of the Stock Market.
- 13. Industry Analysis.
- 14. Company Analysis and Stock Valuation.
- 15. Technical Analysis.
- 16. Equity Portfolio Management Strategies.
- Part 5: ANALYSIS AND MANAGEMENT OF BONDS.
- 17. Bond Fundamentals.
- 18. The Analysis and Valuation of Bonds.
- 19. Bond Portfolio Management Strategies.
- Part 6: DERIVATIVE SECURITY ANALYSIS.
- 20. An Introduction to Derivative Markets and Securities.
- 21. Forward and Futures Contracts.
- 22. Option Contracts.

- 23. Swap Contracts, Convertible Securities, and Other Embedded Derivatives.
- Part 7: SPECIFICATION AND EVALUATION OF ASSET MANAGEMENT.
- 24. Professional Money Management, Alternative Assets, and Industry Ethics.
- 25. Evaluation of Portfolio Performance.

## Textbooks

This course doesn't have any textbook.

## Attendance Policy

Students studying at The American University of Paris are expected to attend ALL scheduled classes, and in case of absence, should contact their professors to explain the situation. It is the student’s responsibility to be aware of any specific attendance policy that a faculty member might have set in the course syllabus. The French Department, for example, has its own attendance policy, and students are responsible for compliance. Academic Affairs will excuse an absence for students’ participation in study trips related to their courses.

Attendance at all exams is mandatory.

IN ALL CASES OF MISSED COURSE MEETINGS, THE RESPONSIBILITY FOR COMMUNICATION WITH THE PROFESSOR, AND FOR ARRANGING TO MAKE UP MISSED WORK, RESTS SOLELY WITH THE STUDENT.

Whether an absence is excused or not is ALWAYS up to the discretion of the professor or the department. Unexcused absences can result in a low or failing participation grade. In the case of excessive absences, it is up to the professor or the department to decide if the student will receive an “F” for the course. An instructor may recommend that a student withdraw, if absences have made it impossible to continue in the course at a satisfactory level.

Students must be mindful of this policy when making their travel arrangements, and especially during the Drop/Add and Exam Periods.

## Grading Policy

## VI. File Submission Guidelines

### Electronic files

- E-documents should also include student's name and ID number (top of first page) as well as page numbers, font size 12, saved as Word document, and e-mailed to me on or before the deadline.
- File name should start with student's last name, first name, course number, and type of assignment. Any file with wrong file name and format will be automatically rejected and not graded. For example, John SMITH's final paper will be named as:

**Smith-John-BA4010-FinalAssignement**

## VII. Assignments

### 1. Individual take home assignments (20% of final grade) and 2. Pop Quizes

- There will be several assignments through the semester. Assignments will be related to class discussions covered in previous sessions.
- Pop Quizes will be given at anytime. The quizzes cover readings, previous lecture material, discussions, or presentations. I drop the lowest quiz grade.

### 3. Two – Mini -Mid-term Exams (15% each of final grade)

### 4. Final Exam (40% of final grade)

Typically a Case study and comprehensive review of all subjects covered.

## VIII. Case and Assignment Analysis and Evaluation Method

Analyses of investment data are an integral part of this course. For their analyses students are expected to use other resources than their text book, include updated market. Approximately 60% of cases analysis should be the student's own work. The remaining 40% should cover background information and explanation of applicable theories.

**Grading Scale:**

| **Excellent** | | **Good** | | **Satisfactory** | | **Unsatisfactory** | |
|---|---|---|---|---|---|---|---|
| 95-100 | A (4.0) | 87-89 | B+ (3.3) | 77-79 | C+ (2.3) | 67-69 | D+ (1.3) |
| 90-94 | A- (3.7) | 84-86 | B (3.0) | 74-76 | C (2.0) | 64-66 | D (1.0) |
| | | 80-83 | B- (2.7) | 70-73 | C- (1.7) | 60-63 | D- (0.7) |
| | | | | | | Under 60 | F (0) |

**Grading Description:**

- Reserved for superior quality and outstanding performance.
- Granted to above average and thorough performance
- Given to adequate and acceptable work meeting course requirements
- An unacceptable and non-passing grade reserved for low performance.

In general, the high and low level of grading scale are reserved for exceptional cases. An excellent (A and A-) grade level is reserved for outstanding performance. An unsatisfactory (under C-) grade level is to be avoided and students will be asked to drop the course before drop/add deadline.

I am notoriously well-known at this University for Failing (“F”) students who cheat and in addition I petition the Honor Board for your removal (“expulsion”) from the University. Finance is the most highly regulated industry in the world, more rigorously regulated than even the Nuclear Power industry, and there are still to many “bad actors” and crooks in the field. I will not allow my name to be associated with a cheat, meaning I will not sign off on you recveiveing a degree from this institution.

I am also a famously easy grader for those students who consistently give me their best, and improve over the course.

# Other

**IX. Teaching Assistants:** There are no teaching assitants for this course, so you need to contact me if you are in trouble. I have some Paris-based recent grads who could toutor you (for a fee) if you really need help and get in trouble.

**X. Mathematics:** Typically, this course only has seven to forteen people in it, all Finance majors, so I keep the math pretty intensive. But I won’t start at the Black-Scholes equilibrium framework.

**XI. Academic Freedom:** In the Anglo-American academic tradition a professor has full control of the content and organization of course, materials, classroom, and grading practices and may modify it at any time based on assessment and progress of the students. I fully expect that it is more likely that I will have to do that than not.