**Course Syllabus**

**Fall 2021**

**Sarah Khalaf**

**FIN 320 – Principles of Investment**

**Lecture Time and Location**

**Section 01A** : M/W at 9:30 AM to 10:45 AM. Location in Area C1 – Room 1005

**Section 51** : M/W at 11:00 AM to 12:15 PM. Location in Area C1 – Room 1005

**Contact Information**

**Location** : Department of Finance & Financial Institutions – Area B – 4th Floor

**Email** : sarah.khalaf@ku.edu.kw

**Office** : 4th Floor B - 1035

**Office Hours** : M/W 12:30 – 1:30 or by appointment

**Social Media** : N/A

**Online Location** : Microsoft Teams

**Teaching Assistant**

**Name** : Eiman Alarbash

**Location** : 4th Floor Area B

**Online Location** : ..

**Email** : eiman.alarbash@ku.edu.kw

**Office Hours** : Sun 10AM – 1PM // Mon 10:30AM – 12:30 // Tues 12 – 2 PM // Thu 11 AM – 1 PM

**Tutorial** : Monday 12:30 PM Room C1 1019 // Tuesday 2 PM Room C3 1003

**Online Location** :

**Course Description**

This course provides a rigorous treatment of the core concepts of investments for finance majors. Covers portfolio optimization, Concepts used to manage security portfolios and diversification, risk/return tradeoffs, examines the pricing of equity, and analyzes the degree of market efficiency.

**Course Learning Outcomes**

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

1. Understand the different types of valuation models and the assumptions behind them and their applications.
2. Use spreadsheet applications (i.e. Microsoft excel) to create models to value assets.
3. Produce professional quality investment and financial reports.
4. Deliver professional quality presentations.
5. Work effectively in a team setting and have the appropriate interpersonal and leadership skills.

# CLO Mapping to CBA Skill Based Competency Goals[[1]](#footnote-1)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| CLO | Competency Goal | | | | |
| Analytical | Communication | Information Technology | Business Ethics |
| 1 | I |  |  |  |
| 2 |  |  | A |  |
| 3 |  | R |  |  |
| 4 |  | R |  |  |
| 5 |  | R |  |  |

# Type of Emphases:

* **(I)ntroduce:** Students will be introduced to the skill and their grasp of it assessed in the course.
* **(A)pply:** The course will not cover the skill. Students should have a high-level grasp of the skill and are required to apply it in the course.
* **(R)einforce:** Students should have an introductory-level grasp of the skill and the course will improve their mastery to a higher level.

**Required Material**

**Textbook** : Jordan, B. D., Miller, T. W., & Dolvin, S. D. (2012). **Fundamentals of investments**: **Valuation and management** (8th ed.). New York: McGraw-Hill Irwin.

*(Can be bought online on Kindle via Amazon)*

**Additional Material** : PPT Slides / Financial Calculator

**E-Learning System**: Moodle and Microsoft Teams

**Course Requirements and Policies**

**Class Preparation – Readings and Practice Problems:** Each lecture will have a chapter reading that is encouraged before the lecture itself. In this way, you will see the material twice and it will help deepen your grasp of the topics. Additionally, I will post practice problems for each chapter, along with their solutions in each set of Lecture Slides on Moodle. You are encouraged to solve these problems before we go over them in class.

**In-Class Tests:**

*Quizzes*

There will be **five** in-class quizzes that are 25 minutes each. You may use a cheat sheet for all quizzes. Only four will count towards 15% of your final grade (each quiz is 3.75%). The quizzes will be held in class. Your lowest quiz grade will be dropped. Use the in class examples, along with the practice problems for each chapter as a way to prepare for quizzes. Missing a quiz will result in a zero. There will be no make-up quizzes. If you have an excused absence on the day of a quiz, it will be the quiz that is dropped.

*Midterm*

There will be **one** in-class examination that is 75 minutes. The midterm will count towards 20% of your final grade. Use the in class examples, quizzes, along with the practice problems for each chapter as a way to prepare for the examination. We may solve practice problems in class before the examination.

Midterm instructions will be discussed prior to the exam. Failure to adhere to the instructions, may result in loss of points.

**Project:** There will be a project done in groups of 4-5 students. The project involves an investment simulation using the Investopedia platform in which you will investment money and manage as a portfolio in the US stock market. Each group will provide update reports and present their results to the class. A separate handout with instructions and requirements will be provided.

The project will help you understand the material and tie the concepts of class, while exposing you to real-world applications and situations.

The project will be graded as following: 1 point for opening an Investopedia account before the deadline, 2 points for the first report (stock selection), 3 points for the second report, 4 points for the presentation and 5 points for the third report. The grade will be affected by your peer review scores. For example if the group score is 15/15 and all of your peers have rated you as 1/5 then your grade will be 3/15 (15/15\*1/5= 3/15). Free riding will not be tolerated.

**Attendance and Participation:** Every student in this course must abide by the Kuwait University Policy on Attendance (published in the Student Guide, Chapter 3, Section 13). A copy of the student guide can be accessed online on:

<http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf>

This course has a significant seminar component and class participation is critical to the learning experience. Participation will be assessed in each class period. Your class participation and attendance will both contribute to your score of in-class performance.

**Cheating and Plagiarism:** Every student in this course must abide by the Kuwait University Policy on Cheating and Plagiarism (published in the Student Guide, Chapter 3, Section 2). A copy of the student guide can be accessed online on:

<http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf>

Please carefully note all sources and assistance when you turn in your work. Under no circumstances should you take credit for work that is not yours. You should neither receive nor give any unauthorized assistance on any deliverable. If you have any questions about what constitutes “unauthorized assistance” please email me before the deliverable is submitted.

**Writing Style:** Students must refer to APA writing style for their assignments and report writing. Refer to the English Language Center for help.

**Grading:**

The scores in this course will be the weighted average of the following items:

|  |  |
| --- | --- |
| **Weight** | **Description** |
| 10% | Attendance and Participation |
| 15% | Project |
| 15% | Quizzes (x4) |
| 20% | Midterm |
| 40% | Final Exam |
| 100% | TOTAL |

**Grade Distribution:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Grade** | **Range** |  | **Grade** | **Range** |
| A | ≥ 95 |  | C+ | ≥ 77 and < 80 |
| A- | ≥ 90 and < 95 |  | C | ≥ 73 and < 77 |
| B+ | ≥ 87 and < 90 |  | C- | ≥ 70 and < 73 |
| B | ≥ 83 and < 87 |  | D+ | ≥ 65 and < 70 |
| B- | ≥ 80 and < 83 |  | D | ≥ 60 and < 65 |
|  |  |  | F | < 60 |

**Course Outline:**

|  |  |
| --- | --- |
| **Title** | **Topics** |
| Risk and Return | Rates of Return • Risk & Risk Premiums • Inflation & Real Rates of Return • Asset Allocation across Risky & Risky-Free Portfolios • Passive Strategies & the Capital Market  **Chapters: 1, 2** |
| Asset Classes and Financial Instruments  ***CFA Topic*** | Interest Bearing Securities • Equities • Derivatives • Mutual Funds • Stock & Bond Market Indexes • Stock Markets  **Chapters: 3, 4, 5** |
| Equity Valuation  ***CFA Topic*** | Valuation by Comparables • Intrinsic Value vs Market Price • Dividend Discount Models • Price-Earnings Ratios • Free Cash Flow Valuation  **Chapters: 6** |
| Market Efficiency, Diversification, and the Capital Asset Pricing Model and APT | Random Walks and the Efficient Market • Implications of EMH• Diversification and Portfolio Risk • Asset Allocation with Two Risky Assets • The Optimal Risky Portfolio with a Risk-free Asset • Efficient Diversification with Many Risky Assets • The Capital Asset Pricing Model • Multifactor Models and the CAPM • The Arbitrage Theory  **Chapters: 7, 11, 12** |
| Portfolio performance evaluation | Risk-Adjusted Returns • Market Timing  **Chapter 13** |

**Course Schedule**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Day** | **Month** | **Lecture** | **Chapter** | **Quiz** | **Due** |
| 25 | Oct | Introduction and Syllabus |  |  |  |
| 27 | Oct | A Brief History of Risk and Return | 1 |  |  |
| 1 | Nov | A Brief History of Risk and Return | 1 |  |  |
| 3 | Nov | The Investment Process | 2 |  |  |
| 8 | Nov | The Investment Process | 2 |  |  |
| 10 | Nov | Overview of Security Types | 3 | Quiz 1 |  |
| 15 | Nov | Mutual Funds and Other Investment Companies | 4 |  | **Project Sign up** |
| 17 | Nov | Mutual Funds and Other Investment Companies | 4 |  |  |
| 22 | Nov | Work on Project |  |  |  |
| 24 | Nov | Work on Project |  |  | **Memo #1** |
| 29 | Nov | The Stock Market | 5 | Quiz 2 |  |
| 1 | Dec | The Stock Market | 5 |  |  |
| 6 | Dec | Common Stock Valuation | 6 |  |  |
| 8 | Dec | Common Stock Valuation | 6 |  |  |
| 13 | Dec | **MIDTERM** | | | |
| 15 | Dec | Common Stock Valuation | 6 |  |  |
| 20 | Dec | Stock Price Behavior and Market Efficiency | 7 |  |  |
| 22 | Dec | Stock Price Behavior and Market Efficiency | 7 |  |  |
| 27 | Dec | Diversification and Risky Asset Allocation | 11 | Quiz 3 |  |
| 29 | Dec | Diversification and Risky Asset Allocation | 11 |  |  |
| ~~3~~ | ~~Jan~~ | ~~Diversification and Risky Asset Allocation~~ | ~~11~~ |  |  |
| 5 | Jan | Diversification and Risky Asset Allocation | 11 |  |  |
| 10 | Jan | Return, Risk, and the Security Market Line | 12 | Quiz 4 |  |
| 12 | Jan | Return, Risk, and the Security Market Line | 12 |  |  |
| 17 | Jan | Performance Evaluation and Risk Management | 13 | Quiz 5 |  |
| 19 | Jan | *Presentations* |  |  | **Memo #2** |
| 27 | Jan | **FINAL EXAM from 11:00 AM to 1:00 PM** | | | |

**Appendix**

# CBA Competency Goals

1. **Analytical Competency:** A CBA graduate will be able to use analytical skills to solve business problems and make a well-supported business decision.

**Student Learning Objectives:**

* 1. Use appropriate analytical techniques to solve a given business problem.
  2. Critically evaluate multiple solutions to a business problem.
  3. Make well-supported business decisions.

1. **Communication Competency:** A CBA graduate will be able to communicate effectively in a wide variety of business settings.

**Student Learning Objectives:**

* 1. Deliver clear, concise, and audience-centered presentations.
  2. Write clear, concise, and audience-centered business documents.

1. **Information Technology Competency:** A CBA graduate will be able to utilize Information Technology for the completion of business tasks.

**Student Learning Objectives:**

* 1. Use data-processing tools to analyze or solve business problems.

1. **Ethical Competency:** A CBA graduate will be able to recognize ethical issues present in business environment, analyze the tradeoffs between different ethical perspectives, and make a well-supported ethical decision.

**Student Learning Objectives:**

* 1. Identify the ethical dimensions of a business decision.
  2. Recognize and analyze the tradeoffs created by application of competing ethical perspectives.
  3. Formulate and defend a well-supported recommendation for the resolution of an ethical issue.

1. **General Business Knowledge:** A CBA graduate will be able to demonstrate a basic understanding of the main business disciplines’ concepts and theories.

**Student Learning Objectives:**

* 1. Acquire a fundamental understanding of knowledge from the main business disciplines (e.g. finance, accounting, marketing, and management information systems, among others).

1. CBA Competency Goals can be found at the end of this document [↑](#footnote-ref-1)