**Course Syllabus**

**Fall 2022/2023**

**Dr. Khaled Alsabah**

**FIN 320 - Principles of Investments**

**Lecture Time and Location:**

**FIN 320/ 01A**  : Sun, Tue, Thu TIME 12:00PM – 12:50PM Classroom #  S| 01 D1 1001

**Contact Information:**

**Location** : Department of Finance & Financial Institutions – 4th Floor - B 1008

**Email** : [khaled.alsabah@ku.edu.kw](mailto:khaled.alsabah@ku.edu.kw)

**Office Hours** : Sun/Tue/Thu 11:00 AM– 11:50 AM or by appointment. Feel free to email me anytime.

**Teaching Assistant**

**Name** :

**Location**:

**Email** :

**Office Hours** :

**Tutorial** :

**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 Objectives (CLOs)**

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 (9th ed.). New York: McGraw-Hill Irwin.*(Can be bought online on Kindle via Amazon)*

**Additional Material** :

* Other material, including course PPT Slides.
* Financial Calculator
* Read “The Intelligent Investor” by Benjamin Graham
* Bloomberg Market Certificate
  + <https://www.bloomberg.com/professional/product/bloomberg-market-concepts/>
  + <https://guides.nyu.edu/bloombergguide/bloomberg-certification>
  + Class code: FPBY3DRLTW
  + You need to use your KU email when signing up to benefit from the free course

**Expectations:** I expect you to attend each class, take notes, and participate in discussions. I expect you to do your project and assigned reports on time and attend the tutorials.

**Homework:** There will be a weekly HW(s). The HW is meant to prepare you for the quizzes and exams.

**Project**: There will be a project done in groups (max 4 students per group). The project involves an investment simulation using Investopedia in which you will have a certain amount of money to invest and manage as a portfolio in the US market. Each group is going to present their results. A separate handout with details on the requirements and guidelines of this project.

The project and the assignments are here to help you understand the material and tie the concepts and expose you to real-world problems 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 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.

**Quizzes:** There will be five quizzes over the course. The lowest quiz grade will be dropped. **There will be no make-up for the quizzes.**

**Exams:** There will be one midterm and a final; however, the instructor retains the right to change the dates. **There will be no make-up for the midterm or the final.**

**Attendance:** 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>

Class participation is critical to the learning experience. Your participation & attendance will contribute into achieving a better grade.

Attendance will be recorded at the beginning of each class. **If you arrive late to class, you will be marked absent.** ***If you leave early from class you will be marked as absent and lose all of your attendance, participation, and BMC points (15 points) for the course.***

I will allow two absences without having your grade penalized, so please do not send me messages/emails explaining your personal situation why you could not make the class. Failing to attend the third class will cause your attendance grade to drop by 1, fourth class will drop your grade by 2 (total 3), fifth class will drop your grade by 2 (total 5), seventh class will result in FA.

**Class Preparation – Readings & Videos:** I expect that you will do any assigned work before the class and any additional possible readings I might assign later. This will significantly help you understand the material discussed during class. I also encourage you to re-read the material after the class to reinforce what was covered.

**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 or use this webpage <https://owl.purdue.edu/owl/research_and_citation/apa_style/apa_formatting_and_style_guide/general_format.html>

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

|  |  |
| --- | --- |
| **Weight** | **Description** |
| 5% | Participation |
| 5% | Attendance |
| 15% | Project– (Written Reports, Presentation & Peer evaluation) |
| 20% | Quizzes |
| 20% | Midterm |
| 35% | Final |
| 5% | **BMC (bonus)** |
| 105% | 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** |
| Investments: Background & Issues | Real Assets vs. Financial Assets • Financial Assets • Financial Markets & the Economy • The Investment Process • Markets Are Competitive • The Players |
| Asset Classes & Financial Instruments | Stock & Bond Market Indexes  ***(CFA TOPIC)*** |
| 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 ***(CFA TOPIC)*** |
| Equity valuation | Valuation by Comparables • Intrinsic Value vs Market Price • Dividend Discount Models • Price-Earnings Ratios • Free Cash Flow Valuation Approaches ***(CFA TOPIC)*** |
| Efficient Diversification | 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 |
| Capital asset pricing and arbitrage pricing theory | The Capital Asset Pricing Model • Multifactor Models and the CAPM • The Arbitrage Theory ***(CFA TOPIC)*** |
| The efficient market hypothesis | Random Walks and the Efficient Market • Implications of EMH |
| Portfolio performance evaluation | Risk-Adjusted Returns • Market Timing |
| CFA Code of Ethics  ***(CFA TOPIC)*** | CFA Institute Code of Ethics and Standards of Professional Conduct  *NOTE: Standards of practice handbook (11th ed.)* |

**Course Schedule (tentative and might change without any notice)**

|  |  |  |  |
| --- | --- | --- | --- |
| Day | Month | Lecture | Quiz/reports |
| Sun | 25/9/2022 | Chapter 1: A Brief History of Risk and Return |  |
| Tue | 27/9/2022 | Chapter 1: A Brief History of Risk and Return |  |
| **Thu** | **29/9/2022** | **Public Holiday** |  |
| Sun | 2/10/2022 | Chapter 1: A Brief History of Risk and Return | Create Investopedia Account |
| Tue | 4/10/2022 | Chapter 19: Global Economic Activity and Industry Analysis |  |
| Thu | 6/10/2022 | Chapter 19: Global Economic Activity and Industry Analysis | Quiz1 |
| Sun | 9/10/2022 | Chapter 19: Global Economic Activity and Industry Analysis |  |
| Tue | 11/10/2022 | Chapter 2: The Investment Process | Report 1 |
| Thu | 13/10/2022 | Chapter 2: The Investment Process |  |
| Sun | 16/10/2022 | Chapter 2: The Investment Process |  |
| Tue | 18/10/2022 | Chapter 4: Mutual Funds and Other Investment Companies |  |
| Thu | 20/10/2022 | Chapter 4: Mutual Funds and Other Investment Companies | Quiz 2 |
| Sun | 23/10/2022 | Chapter 4: Mutual Funds and Other Investment Companies |  |
| Tue | 25/10/2022 | Chapter 5: The Stock Market |  |
| Thu | 27/10/2022 | Chapter 5: The Stock Market |  |
| Sun | 30/10/2022 | Chapter 5: The Stock Market |  |
| Tue | 1/11/2022 | Chapter 6: Common Stock Valuation |  |
| Thu | 3/11/2022 | Chapter 6: Common Stock Valuation | Quiz 3 |
| Sun | 6/11/2022 | Chapter 6: Common Stock Valuation |  |
| Tue | 8/11/2022 | ***Midterm 1 (Ch 1, 2, 19, 4, 5, 6)*** |  |
| Thu | 10/11/2022 | Chapter 6: Common Stock Valuation |  |
| Sun | 13/11/2022 | Chapter 7: Stock Price Behavior and Market Efficiency | Report 2 |
| Tue | 15/11/2022 | Chapter 7: Stock Price Behavior and Market Efficiency |  |
| Thu | 17/11/2022 | Chapter 7: Stock Price Behavior and Market Efficiency |  |
| Sun | 20/11/2022 | Chapter 11: Diversification and Risky Asset Allocation |  |
| Tue | 22/11/2022 | Chapter 11: Diversification and Risky Asset Allocation |  |
| Thu | 24/11/2022 | Chapter 11: Diversification and Risky Asset Allocation | Quiz 4 |
| Sun | 27/11/2022 | Chapter 11: Diversification and Risky Asset Allocation |  |
| Tue | 29/11/2022 | Chapter 12: Return, Risk, and the Security Market Line |  |
| Thu | 1/12/2022 | Chapter 12: Return, Risk, and the Security Market Line |  |
| Sun | 4/12/2022 | Chapter 12: Return, Risk, and the Security Market Line |  |
| Tue | 6/12/2022 | Chapter 13: Performance Evaluation and Risk Management |  |
| Thu | 8/12/2022 | Chapter 13: Performance Evaluation and Risk Management | Quiz 5 |
| Sun | 11/12/2022 | Chapter 13: Performance Evaluation and Risk Management |  |
| Tue | 13/12/2022 | Chapter 17: Projecting Cash Flow and Earnings |  |
| Thu | 15/12/2022 | Chapter 17: Projecting Cash Flow and Earnings |  |
| Sun | 18/12/2022 | Chapter 17: Projecting Cash Flow and Earnings |  |
| Tue | 20/12/2022 | Presentations |  |
| Thu | 22/12/2022 | Presentations | Report 3 |
| Tue | 27/12/2022 | Final Exam (8am-10am) |  |

**Appendix**

**Undergraduate Program 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)