

**Principles of Investments** (FIN 320)   
**Spring 2016**

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| **Time** | **Days** | **Location** |
| Check your schedule | Sun, Tue, and Thurs | CBA 109 |

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| **Instructor:** | Yaqoub Baqer Alabdullah | |
| **Office:** | Finance Department – College of Business Administration | |
| **Phone:** | 24988479 | |
| **e-mail:** | ybaqer@cba.edu.kw (This is my preferred form of communication). | |
| **Office Hours:** | |  | | --- | | 11:00 am – 12:00 pm Sundays, Tuesdays, and Thursdays or by appointment. | | |
| **Text:** | Essentials of Investments Bodie, Kane, and Marcus. 9th Edition. | |
| **Other Materials:**  **Website:**  **Twitter:**  **TA:**  **MyU:**  **Prerequisites:** | A *financial* calculator is required. I recommend the Casio Financial Calculator. You may use other editions of the same textbook.  [www.ybaqer.com](http://www.ybaqer.com) Check the website for updates, announcements, and materials.  Follow @Fin320Ybaqer for latest updates and announcements.  TBA  I’ll be using MyU application throughout the semester. Please download it on your smart mobile device.  ACT 111, QM 120, ENG 115, FIN220, and FIN327. Therefore I expect that you have a good understanding of the various financial statements as well as an understanding of some of the basic elements of finance and statistics. | |
| **Overview**: | This course is designed to provide you with a solid foundation for the essential concepts of investments. The goals of this course are:   1. Understand risk and return and be able to estimate them. 2. Understand efficiently diversified portfolios, their construction, and evaluate their performance. 3. Understand market efficiency and its short-comings. 4. Able to analyze industries and value securities.   This is not a “how to” course. This is a “why do” course. By way of analogy, think of the set of plans for a building. Both an architect and a draftsman can read the plans and even copy the plans with minor changes. But an architect can do more than a draftsman can do. When it is time to design a completely new building that responds creatively to the needs of the client and the context of the built and natural environment, you want an architect. I am here to train financial architects—not draftsmen. Please do not expect to learn a cookbook of formulas that you plug numbers into. (Now that we have macros in Excel, no one will pay a salary for that skill.) Expect to learn a few simple, but powerful, intuitions and be able to apply them creatively to a variety of new situations. Finance is such a rapidly changing area that you would be poorly served with a set of rote formulae—such knowledge would be rapidly obsolete. | |
| **Expectations** I expect every student to read the chapter before and after the class. I do not expect you to depend on PowerPoint slides for your studying. I expect you to attend each class and participate in discussions. I expect you to do your project and assigned reports on time and attend the tutorials. | |
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| **Project**  **Attendance**  **Exams** | There will be a project done in a group of 3-5. The project involves an investment simulation in which you will have a certain amount of money to invest and manage in the US market.  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.  Attendance is required. There is a 5% grade towards attendance and participation. I will follow the University’s rules and regulations with regards to warnings.  There will be three midterms and a final. The exams are going to be open-book. The dates of the exams are as follows:   |  |  |  |  | | --- | --- | --- | --- | | **Tue** | **23/2/2016** | **Midterm 1 (Chapters 1, 12, & 13)** | **note: time and place TBA** | | **Tue** | **29/3/2016** | **Midterm 2 (Chapters 5 & 6)** | **note: time and place TBA** | | **Tue** | **26/4/2016** | **Midterm 3 (Chapters 7 & 8)** | **note: time and place TBA** | | **Mon** | **9/5/2016** | **Final (comprehensive)** | **note: The exam will be from 8-10 am in a place TBA** | |

**Grading** I follow the University’s rules and regulations with regards to grading as shown in this table:

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| GRADES Scale | | |
| Letter Grade | % | 4-point scale |
| A | 95-100 | 4 |
| A- | 90-94 | 3.7 |
| B+ | 87-89 | 3.3 |
| B | 83-86 | 3 |
| B- | 80-82 | 2.7 |
| C+ | 77-79 | 2.3 |
| C | 73-76 | 2 |
| C- | 70-72 | 1.7 |
| D+ | 65-69 | 1.3 |
| D | 60-64 | 1 |
| F | <60 | 0 |

As for your grade breakdown, it will be as follows:

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| **3 midterms** | **45%** |
| **Final exam** | **40%** |
| **Attendance and participation** | **5%** |
| **Project** | **20%** |
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| **Total** | **110%** |

There is a **NO CURVE** policy in this course. However, you have a 10% bonus grade as shown in the grade breakdown. Plus, each midterm will have bonus questions. So a curve is not needed.

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| **Honor Code** | Academic dishonesty is an offense against the University and other students in the class. Any student who has committed an act of academic dishonesty has failed to meet a basic requirement of satisfactory academic performance. Thus, academic dishonesty is not only a basis for disciplinary action but also is relevant to the evaluation of the student’s level of performance. When there has been an act of academic dishonesty in this course, I will assign a failing grade for the course, without exception. If you have any further questions regarding University policy regarding academic honesty, please see your academic advisor or other University official. |
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| **Course Schedule\*** | | |
| Sun | 24/01/2016 | Introduction to the course |
| Tue | 26/01/2016 | Chapter 1: Investments: Background and Issues |
| Thu | 28/01/2016 | Chapter 12: Macroeconomic and Industry Analysis |
| Sun | 31/01/2016 | Chapter 12: Macroeconomic and Industry Analysis |
| Tue | 02/02/2016 | Chapter 13: Equity Valuation |
| Thu | 04/02/2016 | Chapter 13: Equity Valuation |
| Sun | 07/02/2016 | Chapter 13: Equity Valuation |
| Tue | 09/02/2016 | Chapter 13: Equity Valuation |
| Thu | 11/02/2016 | Chapter 13: Equity Valuation |
| Sun | 14/02/2016 | Chapter 13: Equity Valuation |
| Tue | 16/02/2016 | Chapter 13: Equity Valuation |
| Thu | 18/02/2016 | Chapter 13: Equity Valuation |
| Sun | 21/02/2016 | Chapter 5: Risk and Return: Past and Prologue |
| Tue | 23/02/2016 | **Exam 1** |
| Thu | 25/02/2016 | No Class |
| Sun | 28/02/2016 | Chapter 5: Risk and Return: Past and Prologue |
| Tue | 01/03/2016 | Chapter 5: Risk and Return: Past and Prologue |
| Thu | 03/03/2016 | Chapter 5: Risk and Return: Past and Prologue |
| Sun | 06/03/2016 | Chapter 5: Risk and Return: Past and Prologue |
| Tue | 08/03/2016 | Chapter 5: Risk and Return: Past and Prologue |
| Thu | 10/03/2016 | Chapter 6: Efficient Diversification |
| Sun | 13/03/2016 | Chapter 6: Efficient Diversification |
| Tue | 15/03/2016 | Chapter 6: Efficient Diversification |
| Thu | 17/03/2016 | Chapter 6: Efficient Diversification |
| Sun | 20/03/2016 | Chapter 6: Efficient Diversification |
| Tue | 22/03/2016 | Chapter 6: Efficient Diversification |
| Thu | 24/03/2016 | Chapter 7: Capital Asset Pricing and Arbitrage Pricing Theory |
| Sun | 27/03/2016 | Chapter 7: Capital Asset Pricing and Arbitrage Pricing Theory |
| Tue | 29/03/2016 | **Exam 2** |
| Thu | 31/03/2016 | Chapter 7: Capital Asset Pricing and Arbitrage Pricing Theory |
| Sun | 03/04/2016 | Chapter 7: Capital Asset Pricing and Arbitrage Pricing Theory |
| Tue | 05/04/2016 | Chapter 7: Capital Asset Pricing and Arbitrage Pricing Theory |
| Thu | 07/04/2016 | Chapter 7: Capital Asset Pricing and Arbitrage Pricing Theory |
| Sun | 10/04/2016 | Chapter 8: The Efficient Market Hypothesis |
| Tue | 12/04/2016 | Chapter 8: The Efficient Market Hypothesis |
| Thu | 14/04/2016 | Chapter 8: The Efficient Market Hypothesis |
| Sun | 17/04/2016 | Chapter 8: The Efficient Market Hypothesis |
| Tue | 19/04/2016 | Chapter 18: Portfolio Performance Evaluation |
| Thu | 21/04/2016 | Chapter 18: Portfolio Performance Evaluation |
| Sun | 24/04/2016 | Chapter 18: Portfolio Performance Evaluation |
| Tue | 26/04/2016 | **Exam 3** |
| Thu | 28/04/2016 | Chapter 2: Asset Classes and Financial Instruments |
| Sun | 01/05/2016 | Chapter 2: Asset Classes and Financial Instruments |
| Tue | 03/05/2016 | Review |
| Mon | 09/05/2016 | **Final Exam (8-10 am in a place TBA)** |

\*This is a tentative schedule and I have the right to change it at any time during the semester.