

MORAVIAN COLLEGE
DEPARTMENT OF ECONOMICS AND BUSINESS
ECON/MGMT 341: Investment and Portfolio Management
Spring Term 2014

Instructor: Dr. Linda L. Ravelle
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Hours: M,W,F: 10:15 - 11:15 AM
Also by appointment

Text: *Essentials of Investments*, Bodie, Kane & Marcus, 9th edition,
McGraw-Hill/Irwin

Recommended: *The Wall Street Journal* (<http://online.wsj.com>)
The Financial Times (<http://www.ft.com>)

Objectives: This semester, you will incorporate the fundamental principles learned in economics, accounting, statistics, and finance into an understanding of the principles and theories of investing and portfolio management. The course uses lectures, class discussions, assignments, and exams to help you develop the critical thinking skills that will help you recognize, describe, and analyze practical investment problems. By the end of the semester you should be able to rationally select and analyze a wide variety of securities, from stocks and bonds to options and futures, and you should be able to construct and revise a portfolio. This course is writing-intensive, and you will learn how to write in a manner that will enhance the decision-making process.

Grades: The course grade will be determined by the following formula:

| | |
|---------------------|-----|
| Exams | 45% |
| Assignments | 20% |
| Project | 15% |
| Journal | 10% |
| Class Participation | 10% |

Exams: There are two midterm exams and a final exam. Each exam grade makes up 15% of your total grade. Exams consist of problems and essays. The exam dates are indicated on the syllabus and will not be changed. Makeup exams are only given in EMERGENCY situations, and are significantly different from the scheduled exam. Formulas and tables will be provided, but you must bring a calculator to each exam. You cannot share calculators. Cell phones must be turned off and kept out of sight during all exams.

Assignments: Assignments for each chapter are listed on the syllabus and will be collected after the chapter is completed, on a due date announced in class. (PS: Problem Sets, CFA: CFA Problems, WM: Web Master - please note that the internet sites referenced may have changed since the assignments were written. I will provide updates in class but if you have problems with the assignment please let me know as soon as possible.) Changes to assignments may be made during the semester and these changes will be announced in class. If you miss class you are responsible for finding out about any changes. Assignments will be graded and those assignments turned in after the class period in which they are due will be penalized one letter grade per day late. Failure to attend class is not a valid excuse for turning in assignments late.

Project: A description of the project will be distributed in class.

Journal: During the semester you will keep a journal of current events that are relevant to investors. This should include announcements of economic indicators, news stories about the economy, industry, company and markets. You should make note of the date and source of the event and the reaction of the markets to the event. Please put all journal entries in your own words. You should be prepared to discuss these events in class.

Participation: Attendance in this class is required. Please do not disrupt class by arriving late or leaving early. The class participation grade is based upon timely attendance (50%) as well as participation in class discussions (50%). Read the material before you come to class, and bring your textbooks to class. You are expected to keep up with current events and this will be incorporated into class discussions. Cell phones must be turned off and put away during class.

Honesty: All students are expected to adhere to the College's Policy on Academic Honesty as outlined in the Student Handbook. Students who violate the policy must accept the consequences dictated by this policy. If you have any questions about this policy, please see me.

Disabilities: Students who wish to request accommodations in this class for a disability should contact Elaine Mara, assistant director of learning services for academic and disability support at 1307 Main Street or by calling 610-861-1510. Accommodations cannot be provided until authorization is received from the office of Learning Services.

Caveat: This syllabus is subject to change, as announced in class.

| DATE | TOPIC | CHAPTER | ASSIGNMENTS |
|-------------|---|----------------|--------------------------------|
| Jan 14 | Investments: Background and Issues | 1 | |
| 16 | Asset Classes and Financial Instruments | 2 | PS: 19, 20; WM |
| 21 | Securities Markets | 3 | PS: 12, 15, 16, 18, 19; WM |
| 23 | | | |
| 28 | Mutual Funds and Other Investment Companies | 4 | PS: 11, 13, 15, 16, 17; WM |
| 30 | Risk and Return | 5 | PS: 5, 6, 7, 12-16 |
| Feb 4 | | | |
| 6 | Efficient Diversification | 6 | PS: 8-12, WM: 4 |
| 11 | | | |
| 13 | EXAM I | | |
| 18 | Capital Asset Pricing | 7 | PS: 4, 5, 13-19, 20 |
| 20 | | | |
| 25 | Efficient Market Hypothesis | 8 | PS: 18, 24; CFA: 7, 9; WM: 2 |
| 27 | Behavioral Finance and Technical Analysis | 9 | PS: 14, 15, 17, 20-24; CFA: 5 |
| 4 | SPRING BREAK | | |
| 6 | SPRING BREAK | | |
| 11 | Bond Prices and Yields | 10 | PS: 4, 5, 12, 21, 31,35; CFA 5 |
| 13 | Managing Bond Portfolios | 11 | PS: 4, 8, 10; CFA: 2, 8, 11 |
| 18 | | | |

| DATE | TOPIC | CHAPTER | ASSIGNMENTS |
|-------------|--|----------------|---------------------------------------|
| 20 | | | |
| 25 | EXAM II | | |
| 27 | Macroeconomic and Industry Analysis | 12 | PS: 13-15, 17, 19; CFA: 3, 4 |
| Apr 1 | | | |
| 3 | Equity Valuation | 13 | PS: 4, 7, 10, 12-14, 20; CFA: 1, 4 |
| 8 | | | |
| 10 | Financial Statement Analysis | 14 | PS: 4, 12, 14; CFA 4, 5 |
| 15 | Options Markets | 15 | PS: 5, 6, 10, 12, 15,18; WM |
| 17 | Option Valuation | 16 | PS: 8, 9, 16, 30, 37; WM: 2 |
| 22 | Futures Markets and Risk Management | 17 | TBA |
| 24 | Performance Evaluation and Active Portfolio Management | 18 | TBA |
| May 2 | FINAL EXAM | | 8:30 AM |