

UNIVERSITY OF DETROIT MERCY
ECN 4160/5810 – ADVANCED MONEY AND CAPITAL MARKETS (OL)
ONLINE COURSE

Lecturer: Joseph A. Weglarz - Lecturer
Class Hours: online (new material opens every Monday at 6 p.m.)
Office Hours: Macomb University Center: Tuesday (1-4 p.m.)
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Students are expected to:

- Understand the fundamental concepts of investment analysis and portfolio management
- Critically analyze the leading theories and applications of portfolio management
- Understand the fundamental formulas of valuation and security analysis
- Understand cause and effect in portfolio reallocation and management
- Meet all of the course objectives listed below

Course Objectives: The student will be able to:

- Define the investment setting and the measures of risk and return
- Understand the determinants of the required rate of return and the relationship between risk and return
- Analyze the asset allocation decision process and the investor life cycle
- Define and understand the characteristics of the market
- Compare and contrast primary and secondary markets and their functions
- Identify the various functions of exchange markets
- Define efficient markets and understand the various forms of efficiency
- Understand the importance of behavioral finance and the implications of efficient capital markets
- Define risk and understand the importance of Markowitz Portfolio Theory
- Examine the various alternative measures of risk and efficient frontier
- Understand the complexities of capital market theory, especially the Capital Asset Pricing Model and the empirical tests of the CAPM
- Analyze the market portfolio (theory and practice)
- Examine the three-step valuation process and the theory of security valuation
- Understand the valuation of alternative investment instruments
- Compare and contrast company analysis versus stock valuation
- Estimate intrinsic value and earning per share of a company
- Estimate company earnings multipliers
- Examine the various methods of analyzing growth companies
- Understand the various measures of value-added
- Examine the underlying assumptions and truths of technical analysis
- Uncover the advantages and challenges of technical analysis
- Understand the most important technical trading rules
- Explore technical strategies of bond markets

- Understand the differences between passive and active management
- Examine the most important active equity portfolio management strategies
- Examine the differences between value and growth investing
- Understand and analyze the derivatives markets and its various instruments
- Understand and analyze the forward and futures markets
- Understand and analyze the option markets
- Evaluate portfolio performance with Treynor, Sharpe, and Jensen measure

Textbooks: Reilly, Frank K. and Brown, Keith C. *Investment Analysis and Portfolio Management*. Tenth Edition. Thomson South-Western, 2012. (RB)

Graham, Benjamin. *The Intelligent Investor*. Revised Edition with new commentary by Jason Zweig. New York: HarperCollins Publishers, 2003. (G)

Malkiel, Burton G. and Ellis, Charles D. *The Elements of Investing*. Hoboken: John Wiley and Sons, Inc., 2010. (ME)

Course

Description: An examination into various advanced topics in the money and capital markets. Topics covered in this course will include: securities markets, modern portfolio theory and management, investment risk and return, asset allocation and asset pricing models, fundamental and technical analysis, equity valuation, derivatives, and trading strategies using derivatives.

Examination and Grading:

Undergraduate Students: There are THREE exams and FIVE Quizzes.
 Your grade will be based on: **500/5 = Final Grade**

3 exams	@ 100 pts. = 300
5 quizzes	@ 50 pts. = 200

Examinations and Quizzes

Online: Students are required to take all five quizzes and all three examinations online. Failure to take all five quizzes and the examinations will result in an automatic ½ grade reduction.

Make-up quizzes and exams will only be given if the student can verify an emergency.

The Quiz/Exam online schedule is as follows:

Week 3: Quiz I
 Week 5: Quiz II
 Week 6: Exam I

Week 8: Quiz III
Week 10: Exam II
Week 11: Quiz IV
Week 13: Quiz V
Week 14: Research/Stock Project Due (**Graduates Only!**)
Week 15: Exam III

UDM Grading: The University of Detroit Mercy grading scale is as follows:

A 100 – 92
A- 93 – 90
B+ 89 – 87
B 86 – 83
B- 82 – 80
C+ 79 – 77
C 76 – 73
C- 72 – 70
D+ 69 – 67
D 66 – 63
D- 62 – 60
F 59 - 00

Quizzes:

Quizzes will cover *The Intelligent Investor* (G) and *The Elements of Investing* (ME). *The Intelligent Investor* (G) and *The Elements of Investing* (ME) will be covered in the following order:

Quiz I: G-Introduction and Chapters 1-4, ME-Chapter I

Quiz II: G-Chapters 5-8, ME-Chapter II

Quiz III: G-Chapters 9-12, ME-Chapter III

Quiz IV: G-Chapters 13-16, ME-Chapter IV

Quiz V: G-Chapters 17-20 and postscript, ME-Chapter V and “Super Simple Summary”

Examinations: Examinations will cover power point lecture material and the text.

Exam I will cover:

1. Voice-Over Power Point Lectures
2. *Investment Analysis and Portfolio Management* (RB) – Chapters 1-2, 4-, 6-8
3. Selected Problems from *Investment Analysis and Portfolio Management* (RB)

Exam II will cover:

1. Voice-Over Power Point Lectures
2. *Investment Analysis and Portfolio Management* (RB) – Chapters 11, 14-16
3. Selected Problems from *Investment Analysis and Portfolio Management* (RB)

Exam III will cover:

1. Voice-Over Power Point Lectures

2. *Investment Analysis and Portfolio Management* (RB) – Chapters 20-22, 25
3. Selected Problems from *Investment Analysis and Portfolio Management* (RB)

<u>DATE</u>	<u>LECTURE TOPICS</u>
Week I (08/31)	Organization and Functioning of Securities Markets (RB-4) Chapter 4 Problems: 1-5
Week II (09/08)	The Investment Setting (RB-1) Chapter 1 Problems: 1-4
Week III (09/14)	The Asset Allocation Decision (RB-2) Quiz I (09/18-09/21)
Week IV (09/21)	Efficient Capital Markets (RB-6) Chapter 6 Problems: 1-3
Week V (09/28)	Introduction to Portfolio Management (RB-7) Chapter 7 Problems: 1-3 Quiz II (10/02-10/05)
Week VI (10/05)	Introduction to Asset-Pricing Models (RB-8) Chapter 8 Problems: 1, 3, 5-6 Examination I (10/09-10/12)
	Mid-Term Fall Break (10/12-10/13)
Week VII (10/14)	Introduction to Security Valuation (RB-11) Chapter 11 Problems: 1-13, 16
Week VIII (10/19)	Company Analysis and Stock Valuation (RB-14) Quiz III (10/23-10/26)
Week IX (10/26)	Technical Analysis (RB-15)
Week X (11/02)	Equity Portfolio Management Strategies (RB-16) Examination II (11/06-11/09)
Week XI (11/09)	Introduction to Derivative Markets and Securities (RB-20) Chapter 20 Problems: 1-3 Quiz IV (11/13-11/16)
Week XII (11/16)	Forward and Futures Contracts (RB-21) Chapter 21 Problems: 1-2, 4, 6
Week XIII (11/23)	Option Contracts (RB-22)

Quiz V (11/27-11/30)

Week XIV (11/30) Evaluation of Portfolio Performance (RB-25)
Chapter 25 Problems: 1, 3-7

Week XV (12/07) **Research/Stock Project Due**

Week XV (12/15) **Examination III (12/15-12/18)**

I. Summary Analysis of Value Investing

The student will summarize the most important principles of value investing as set forth by Warren Buffett in *The New Buffettology Workbook*. (2-3 pages)

II. Stock Selection and Analysis

The student will summarize through SWOT analysis (strengths, weaknesses, opportunities, and weaknesses) the NYSE-traded company selected. (2-3 pages)

III. Intrinsic Value Equations

The student will employ Warren Buffett's twelve intrinsic value equations in the analysis of the NYSE-traded company selected. (5-7 pages)

IV. Recommendation

The student will recommend a buy, hold, or sell, on the selected NYSE-traded company. (1-3 pages)

Compliance with UDM Student-Related Policies

Students of the University of Detroit Mercy are expected to comply with all policies and practices established by the College and/or University. Listed below are a few specific UDM policies. The list, however, is not intended to be exhaustive. A complete listing of all UDM policies can be found in the UDM Student Handbook and students are expected to be familiar with all UDM Student-related policies.

Student Course Evaluations

Student course evaluations are an important source of information for curricular and teaching improvement in the College of Liberal Arts and Education. As such, all students enrolled in CLAE courses are strongly encouraged to complete an online course evaluation. Course evaluations are completed during the week preceding final exams each semester. Information is provided to students through e-mail explaining how to complete the evaluation online.

Statement Regarding Professional Conduct

Student communications to and with the professor/instructor shall at all times be conducted in a professional and courteous manner. In addition, any important messages during the semester (such as a cancellation of a class session) will be communicated through Blackboard or UDM e-mail addresses.

Available Support Services

The University of Detroit Mercy has a wide array of support services available to all students that include the library, media center, tutoring (UAS, 3rd Floor of Library) and Writing Center (Briggs 135). The UDM Student Handbook contains complete information regarding location and hours of operation of the University's support services. Students are encouraged to utilize the support services provided by the University, as needed.

UDM Policy on Plagiarism and Academic Integrity

As members of an academic community engaged in the pursuit of truth and with a special concern for values, students are expected to conform to a high standard of honesty and integrity in their academic work. The fundamental assumption under which the University operates is that work by a student is a product of his/her own efforts. Among the most serious academic offenses is plagiarism, submitting the style of another author or source without acknowledgment or formal documentation. Plagiarism occurs when specific phrases or entire passages, whether a sentence, paragraph or longer excerpt, are incorporated into one's own writing without quotation marks or documentation. One also plagiarizes by paraphrasing the work of another, that is, retaining another writer's ideas and structure without documentation.

Students are advised always to set off another writer's exact words by quotation marks, with appropriate references. Students avoid plagiarism by concentrating on their own words and ideas and by fully crediting others' words and ideas when they find their way into the writing. Whenever in doubt, cite the source.

Students that purchase essays from other students or agencies or who copy from one another or from prohibited sources, commit the most serious type of academic dishonesty. The consequences of plagiarism, or any act of academic dishonesty, may range from failure on an assignment or in a course to dismissal from the University.

Disability Support Services and Accommodations

It is very important for students to be proactive with regard to requesting disability accommodations. While it is never required that you disclose your disability to your professors, all students at UDM are encouraged to talk to their professors to discuss their concerns. Faculty cannot provide disability accommodations without official notification from the Disability Support Services office. If you need an accommodation because of a disability, if you have emergency medical information to share, or if you need special arrangements in case the building must be evacuated, please contact Emilie Wetherington as soon as possible to schedule an appointment (gallegem@udmercy.edu) or (313) 578-0310). Disability Support Services is located in the Student Success Center, Room 319, on the 3rd Floor of the Library, McNichols Campus.