**FIN 352 – INVESTMENTS**

Fall 2017 Wednesdays

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OFFICE HOURS: Mondays 2 to 3:30 & 4:45 to 6; Wednesday Noon to 2 & 3:30 to 7 or by appointment

CLASSROOM: JH 2228

**COURSE OBJECTIVE**: (Prerequisite: FIN 303)

In the last years there has been a tremendous growth in institutional money management and financial planning throughout the world. Los Angeles is now the US capital of mutual and pension fund management, and also the home of some of the largest hedge funds, private equity and venture capital funds.

This course is designed to prepare the students to understand the practice of advance portfolio management and investments. The lecture notes are based on the assigned readings and real life cases studies. As one of the key wealth management centers in United States, there is a need in Southern California for a pool of well-trained finance professionals with a rigorous knowledge of investment management. Students who are interested in wealth management, portfolio management and valuation analysis, or seeking accreditation as a Charter Financial Analyst (CFA) will find this course a good first step towards achieving these professional goals.

**COURSE RESOURCES**:

**Required Readings**:

Jones and Jensen “Investments” 13ed Wiley

“Random Walk Down Wall Street” 10ed. (2012) by Burton Malkiel, available in paperback at the bookstore for around $16. If you’re not sure which is the right edition please email me.

Barron’s, the best magazine dedicated to investments.

**Online Materials:**

Prior to each week’s class, materials (e.g. class notes) and important announcements, will be made available on [www.csun.edu/~vcovrig](http://www.csun.edu/~vcovrig), under the link for FIN352. I’m working on moving the class to Canvas and I’ll let you know when is ready.

Please divide yourselves in groups of 3 students (per group), by September 13, and email me the list of the students with corresponding emails. The group will work on the Stocktrak project.

**GRADING**:

A. Composition

Midterm Exam 30%

Final exam 40%

Book review and Cramer assignment (individual) 15%

Stock Trading Project 15%

**The class ATTENDANCE is MANDATORY.**

B. **Examinations**

* plus/minus grades given
* under extreme circumstances, and with my approval, you can take a make-up exam but you will be penalized 10 points (out of 100)
* the topics to be prepared for the exams are found at the end of class notes under Learning Objectives

C. **Scale**

97% - 94% A ; 93% - 90% A- ;

89% - 87% B+ ; 86% - 83% B ; 82% - 80% B- ;

79% - 77% C+ ; 76% - 73% C ; 72% - 70% C- ;

69% - 60% D's ; < 60% F

D **Book Report**

You need to summarize the following chapters from“Random Walk Down Wall Street” 10ed. (2012 edition) by Burton Malkiel, in about 2 single spaced pages per chapter.

Chapter 6; Technical analysis

Chapter 7: How good is fundamental analysis?

Chapter 10: Behavioral finance

Chapter 11: Potshots at the efficient-market theory

1. You are responsible for coming prepared to all classes. Readings should be done in advance of class in which the assigned materials will be discussed. If for whatever reason you miss a class, it is your responsibility to get the material and any announcements that you miss. If you have questions about what you miss, ask me or a classmate prior to the next class meeting. In addition, you should bring a calculator to each class so that you can participate in working through in-class numerical problems.

Positive contributions to the learning experience of the class will be greatly appreciated.

**F.** Cheating and plagiarism will not be tolerated. If you are caught cheating or plagiarizing in any form, you will receive a failing grade for the course and reported to the University for appropriate action. Be aware that I caught students cheating before and I enforced the above policies.

**TENTATIVE COURSE SCHEDULE**

August 30: class meeting

Introduction; Chapter 1

September 6: class meeting

Chapter 4

September 13: class meeting

Chapter 5

#### September 20: **NO CLASS MEETING**

Work on chapter 2, Cramer’s assignment and StockTrak trading project

September 27: class meeting

Chapter 3

**Assignment due:** “Jim Cramer’s 25 rules for investing”

Go to [www.thestreet.com/static/25-rules.html](http://www.thestreet.com/static/25-rules.html)

Briefly discuss 10 rules, in 3 single spaced pages total.

October 4: class meeting

Chapter 6

October 11: class meeting

Chapter 7

October 18: class meeting

Chapters 8

**Midterm Exam review**

October 25: class meeting

**Midterm exam on chapters 2,3,4,5, 6**

November 1: class meeting

Chapters 9

November 8: class meeting

Chapter 10

November 15: class meeting

Chapter 11

November 22: **NO class meeting**

**Work on your assignments**

November 29: class meeting

Chapter 19

December 6: class meeting

Chapter 19 (finish)

Final exam review

Stocktrak report due in class in hard copy (see below)

**Final exam (per the university schedule): chapters 7,8,9, 10, 11,19**

**Book report due in hard copy on the final exam day.**

**Stocktrak**

# Instructions for Group Project –Trading Project

This project provides a hands-on experience of the real life money management environment, and gives you the opportunity to apply the investment and portfolio management strategies discussed in this class. Each group will prepare a report including a set of slides, 10 to 15 slides, due in class in hard copy the last day of class on **December 6, 2017.** Please see more below.

Peer evaluations are required and will be conducted in class the last week of class. Group members will be asked to allocate 100 points among themselves.

Stock-Trak, a virtual trading web based platform, will be used for the project.

[www.stocktrak.com](http://www.stocktrack.com)

**1. Time horizon of the project**

Join a team.

The trading will start on September 13, 2017

**2. Registration instructions**

Each group will have a different account number.

There is a registration fee of $31.95 per account (thus per group).

Each group will start with a virtual $1,000,000 in cash to manage with a maximum of 200 trades to be executed during the trading period.

Please click on this link to register your group.

**http://www.stocktrak.com/members/registerstudent?className=FIN352F17W**

**3. The trading rules of game**

You follow the trading rules created by Stock-Trak. You can download them from

<http://v2.stocktrak.com/public/content/tradingrules.aspx>

The ultimate goal of the project is to apply to the practice the investments and portfolio management knowledge learned in this and other finance classes.

**4. Products to invest in and asset allocation**

The initial portfolio balance is $1,000,000. You need to invest in stocks (at least 20 longs and 5 shorts per group), mutual funds (at least 5 per group) , ETF (at least 5 per group), closed-end funds (at least 5 per group) and stock options (at least one call, put, long, short). The ultimate goal of the project is to apply to the practice the investments and portfolio management knowledge learned in this and other finance classes. Thus, you need to have a solid justification for every buy and sell you make. You need to keep track of the reasons for your transactions and present them briefly in an appendix in your report.

**5. Learning expectations**

Provide a professional justification for your trades. The students are expected to use several sources of information and trading strategies. The use of a diverse group of securities and the use of better research or application of concepts learn in this class will earn higher grading points.

The mutual fund part should be as well diversified as possible. Thus, it is recommended investing in at least five mutual funds, funds that in turn follow a diversified index. Select, if possible, no-load mutual funds.

Keep in log with your trades, including reasons why you bought that securities and buy/sell price

Ensure that you select mutual funds based on one-, three- and five-year performance.

For each fund, prepare a single table showing the following information: (i) fund name; (ii) fund objective; (iii) fund characteristics such as value of assets under management, turnover, fees and loads, etc. (iv) total raw performance for the past 1-, 3- and 5- year . Detail in your report the reasons for your choice of the respective fund.

Though you can trade the stocks very often, it is not recommended trading in and out of the mutual funds. Too many trades (i.e. day trading) or too few trades are not recommended. Construct a diversified portfolio that includes domestic and foreign securities.

**6. Sources of information**

The suggested sources of information are: StockTrak, Wall Street Journal; Barron’s, yahoo.finance.com; Morningstar; www.thestreet.com and other sources.

**7. PPT Report**

Each group will prepare a report including a set of slides, 10 to 15 slides, due in class in hard copy the last day of class on **December 6, 2017.**

The written PPT slides are the only written document you need to prepare for the project.

The PPT presentation should be between 10 to 15 pages/slides, covering:

1. Each type of securities (eg stock long, stocks short, mutual funds, ETFs, options) you invested in
2. Most and least successful trades; reason for investing in these securities
3. Performance relative to S&P500 index
4. Sources of information

You do not need to sell your securities when you prepare the PPT presentation

Please provide the instructor with a hard copy of your presentation.

Peer evaluations are required and are due the last week of class. Group members will be asked to allocate 100 points among themselves.