Instructor: Alexandra K. Theodossiou, Ph.D
Phone(s): Office: (361) 825-2769   Cell: (361) 442-1446
Email: atheodossiou@tamucc.edu
Office: O’Connor Building (OCNR) 348
Office Hours: Monday and Wednesday: 1:00 p.m. to 2:00 p.m., and by appointment
Class: OCNR 133, Monday and Wednesday, 2:00 p.m. to 3:15 p.m.

Required Materials:
• Newspapers, The Wall Street Journal (WSJ) and Financial Times.

Highly Recommended Additional Reading

Additional requirements
• Financial Calculator (Texas Instrument’s BAII Plus is HIGHLY recommended-no scientific calculators will be allowed)
• Internet Access for accessing Blackboard and University and publicly available databases and information

Prerequisites:
FINA 3310, FINA 3331, ORMS 3310, and junior standing or above.

Course Description:
FINA 4332, Security Analysis and Portfolio Management will provide the student necessary for the evaluation of stocks, bonds and derivative securities and their impact on an investor’s portfolio and return. The course will culminate with a project that will require students to make forecasts for the economy in general, and for their chosen company and its industry. Lectures and class discussion are supplemented with sample problems, and outside readings. Quantitative techniques are introduced to facilitate analysis. The use of professional databases such as Compustat (available through WRDS) will be utilized for the analysis of the company and its industry.
Learning Objectives:
By the end of this course, the students will be able to:

- Use professional databases to conduct company and industry analyses
- Understand diversification mathematics and why diversification is important.
- Understand the concept of market efficiency and its implications for portfolio construction
- Differentiate the characteristics of stocks and bonds and estimate the prices of bonds and stocks
- Understand options, pricing of options and simple strategies, futures
- Understand how a portfolio evaluation is conducted
- Examine fiduciary duties and responsibilities

Relationship to Other Coursework:
Knowledge of the subject matter in this course is a requisite to comprehending advanced financial management concepts contained in FINA 4310, Advanced Financial Management. The principles of financial management form a foundation for concepts in related finance courses including investments, risk management, real estate, and financial markets and institutions.

Instructional Methodology:
Lectures may be supplemented by class discussion, handouts, questions and answer sessions, computer presentations and videos.

Performance Evaluation and Grading:
Two midterm tests and a final exam will be given. The score for the lowest grade exam will be dropped. Test materials will come from lecture notes, the text, assigned readings, homework, and class discussion. Test format is multiple choice questions and problems; questions will emphasize the understanding and application of concepts and topics covered. All tests are closed books, closed notes. Only a formula sheet will be allowed during examinations. Students will prepare a written project. To facilitate student mastery of financial concepts, problems will be assigned following the discussion of each major topic area. A semester project is required and outside readings may be assigned. Students should prepare for class meetings by studying the assigned text materials and preparing problems and other assignments prior to class.

Grades will be assigned based on the following weights:

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
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<tbody>
<tr>
<td>2 Midterm Tests, lower score will be dropped</td>
<td>35 points</td>
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<tr>
<td>Final exam</td>
<td>35 points</td>
</tr>
<tr>
<td>Term Project</td>
<td>10 points</td>
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<tr>
<td>Homework</td>
<td>10 points</td>
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<tr>
<td>Quizzes</td>
<td>10 points</td>
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<tr>
<td>TOTAL POINTS</td>
<td><strong>100 points</strong></td>
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</table>
Letter Grades Assignments (tentative)

If your points are
- at least 90 A
- 80 to 89.99 B
- 70 to 79.99 C
- 60 to 69.99 D
- below 60 F

Exam dates will be announced in class. **No make-up exams will be administered.** If you must miss an exam, notify me in advance and provide written documentation that the absence was an excused University activity, a severe illness, or a dire emergency. Otherwise, I will assign you a zero for the exam.

Exams are closed book. A small index card with formulas is allowed, but the index cards are collected after the exam. To protect the integrity of the test banks employed, exams will not be returned. However, exams are available for review in my office during scheduled office hours for two weeks after the exam.

Students are responsible for all material in the assigned readings, handouts, homework, and class presentations.

All assignments are to be turned in at the beginning of the class on their due date unless otherwise instructed. **Late assignments will be penalized for each day that they are late.**

Cell Phone / Pager and Laptop Policy:
I expect everyone to follow all rules of common courtesy during classroom lecture and discussion. The presence of cell phones and pagers as well as other disruptive items or actions are prohibited in the classroom. Laptops used for any purpose other than class work is prohibited.

Oral and Written Communication Requirements:
Students are required to prepare a formal written project for the semester. Effective written communication is also necessary for exams and homework.

Technological Applications:
Students are required to use computer applications, computer databases, and online information services for this course. As discussed below case analyses must be performed using electronic spreadsheet. Written presentation must be prepared with word processing software. Use of computer graphics and computer-based audio-visuals is encouraged. Some portions of the project require the use of computer databases and online information services.

Ethical Perspectives:
Ethical issues such as wealth expropriation, socially conscious operations, and insider trading are discussed. Agency and other stakeholder conflicts are briefly explored.

Attendance Policy
Experience has shown that regular attendance is essential to successful completion of any course. Attendance will be taken at every class meeting.
Global Perspectives:
As even small to mid-size firms are now involved in multinational trade and operations, portfolio management and construction is a global activity. While we have a separate course for international finance (FINA 4315), this course introduces international trade, foreign equity and debt issue.

Political, Social, Legal, Regulatory, and Environmental Perspectives:
The course will consider the structure, regulation, influence, and role in corporations and markets of a variety of governmental and social entities.

Time
Success in this class depends on your ability to correctly work the exam problems. The best way to accomplish this is to practice the sample problems and work the problems at the end of the chapter. A general rule of thumb is that the student should spend at least 3 hours of personal study time for each hour of class instruction. Exams are hard and some students may not be able to finish the exam if they are not prepared.

ACADEMIC HONESTY:
University students are expected to conduct themselves in accordance with the highest standards of academic honesty. Academic misconduct for which a student is subject to penalty includes all forms of cheating, such as illicit possession of examinations or examination materials, forgery, or plagiarism (the presentation of the work of another as one’s own work). The University policy of scholastic dishonesty will be strictly followed with no exceptions. Understand that the University definition of scholastic dishonesty will be strictly adhered to and any student caught providing or receiving assistance on an exam will immediately be given a grade of “F” for the course.
This course, and all other courses offered by the College of Business (COB), requires all of its students to abide by the COB Student Code of Ethics (available online at www.cob.tamucc.edu). Provisions and stipulations in the code are applicable to all students taking College of Business courses regardless of whether or not they are pursuing a degree awarded by the COB.

Americans with Disabilities Act Compliance:
The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please contact the Disability Services Office at (361) 825-5816 or visit the office in Corpus Christi Hall 116.
If you are a returning veteran and are experiencing cognitive and/or physical access issues in the classroom or on campus, please contact the Disability Services office for assistance at (361) 825-5816.
Grade Appeals
As stated in University Rule 13.02.99.C2, Student Grade Appeals, a student who believes that he or she has not been held to appropriate academic standards as outlined in the class syllabus, equitable evaluation procedures, or appropriate grading, may appeal the final grade given in the course. The burden of proof is upon the student to demonstrate the appropriateness of the appeal. A student with a complaint about a grade is encouraged to first discuss the matter with the instructor. For complete details, including the responsibilities of the parties involved in the process and the number of days allowed for completing the steps in the process, see University Rule 13.02.99.C2, Student Grade Appeals, and University Procedure 13.02.99.C2.01, Student Grade Appeal Procedures. These documents are accessible through the University Rules Web site at http://www.tamucc.edu/provost/university_rules/index.html. For assistance and/or guidance in the grade appeal process, students may contact the Office of Student Affairs.

Dropping a Class
I hope that you never find it necessary to drop this or any other class. However, events can sometimes occur that make dropping a course necessary or wise. Please consult with me before you decide to drop to be sure it is the best thing to do. Should dropping the course be the best course of action, you must initiate the process to drop the course by going to the Student Services Center and filling out a course drop form. Just stopping attendance and participation WILL NOT automatically result in your being dropped from the class. Friday, April 12, 2013, is the last day to drop a class with an automatic grade of “W” this term.

Major Field Test
The Major Field Test (MFT) is required for all students pursuing the Bachelor of Business Administration degree and will be administered in the MGMT 4388, Administrative Policy and Strategy course. To prepare for this test, business majors are advised to retain their class notes, textbooks and other relevant materials from this class and the other business core courses and to fine-tune their readiness for the MFT by completing the online MFT review available through the COB website at www.cob.tamucc.edu
Summary of Topic Coverage:                Hours
Chapter 4 : Investment Policy                3.0
Chapter 5 : The Mathematics of Diversification 3.0
Chapter 6 : Why Diversification Is a Good Idea 4.5
Chapter 7 : International Investment and Diversification 3.0
Chapter 8 : The Capital Markets and Market Efficiency 3.0
Chapter 9 : Picking the Equity Players 3.0
Chapter 10 : Equity Valuation Tools 3.0
Chapter 11 : Security Screening 1.5
Chapter 12 : Bond Pricing and Selection 3.0
Chapter 13: The Role of real Assets 1.5
Chapter 17 : Principles of Options and Option Pricing 6.0
Chapter 19 : Performance Evaluation 3.0
Chapter 20: Fiduciary Duties and Responsibilities 3.0
Chapter 21: Principles of the Futures Market 3.0
Chapter 25: Contemporary Issues in Portfolio Management 1.5

Total                        45.0

Important Dates for Spring, 2013

January 21, Monday            Martin Luther King, Jr. Holiday
January 23, Wednesday         Classes begin
January 30, Thursday          Last day to register or add a class
March 11-15, Monday-Friday    Spring Break
April 12, Friday              Last day to drop a class
May 6, Monday                 Last day to withdraw from the University
May 7, Tuesday                Last day of classes
                                Last day to apply for August 2013 graduation
May 8, Wednesday              Reading Day
May 9-10, Thursday-Friday     Final examinations
May 13-15, Monday-Wednesday   Final examinations
### FINA4332—Spring 2013, Preliminary Schedule (subject to change)

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Tentative Dates</th>
<th>Chapter Title</th>
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<tbody>
<tr>
<td>Chapter 4</td>
<td>January 23, 28</td>
<td>Investment Policy</td>
</tr>
<tr>
<td>Chapter 5</td>
<td>January 30, February 4</td>
<td>The Mathematics of Diversification</td>
</tr>
<tr>
<td>Chapter 6</td>
<td>February 4, 6</td>
<td>Why Diversification Is a Good Idea</td>
</tr>
<tr>
<td>Chapter 7</td>
<td>February 11, 13, 18</td>
<td>International Investment and Diversification</td>
</tr>
<tr>
<td>Chapter 8</td>
<td>February 20</td>
<td>The Capital Markets and Market Efficiency</td>
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#### TEST # ONE on Monday, February 27, 2013

<table>
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<tr>
<th>Chapter</th>
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<tbody>
<tr>
<td>Chapter 9</td>
<td>February 25</td>
<td>Picking the Equity Players</td>
</tr>
<tr>
<td>Chapter 10</td>
<td>March 4</td>
<td>Equity Valuation Tools</td>
</tr>
<tr>
<td>Chapter 11</td>
<td>March 6</td>
<td>Security Screening</td>
</tr>
<tr>
<td>Chapter 12</td>
<td>March 18, 20</td>
<td>Bond Pricing and Selection</td>
</tr>
<tr>
<td>Chapter 13</td>
<td>March 25</td>
<td>The Role of Real Assets</td>
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#### TEST # TWO on Monday, April 1, 2013

<table>
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<tr>
<th>Chapter</th>
<th>Tentative Dates</th>
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<tbody>
<tr>
<td>Chapter 17</td>
<td>March 27, April, 3, 8, 10</td>
<td>Principles of Options and Option Pricing</td>
</tr>
<tr>
<td>Chapter 21</td>
<td>April 15, 17</td>
<td>Principles of the Futures Market</td>
</tr>
<tr>
<td>Chapter 19</td>
<td>April 22</td>
<td>Performance Evaluation</td>
</tr>
<tr>
<td>Chapter 20</td>
<td>April 24, 29</td>
<td>Fiduciary Duties and Responsibilities</td>
</tr>
<tr>
<td>Chapter 25</td>
<td>May 1</td>
<td>Contemporary Issues in Portfolio Management</td>
</tr>
<tr>
<td></td>
<td>May 6</td>
<td>Final Exam Review</td>
</tr>
</tbody>
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#### FINAL EXAM (closed books and notes) – Monday, December Wednesday, May 15, 2013, 1:45 p.m. – 4:15 p.m., OCNR 133

All assignments are to be turned in at the beginning of the class on their due date unless otherwise instructed. Once accepted, no makeup or redo is allowed.