

FLORIDA ATLANTIC UNIVERSITY™

Graduate Programs—NEW COURSE PROPOSAL¹

UGPC APPROVAL _____
 UFS APPROVAL _____
 SCNS SUBMITTAL _____
 CONFIRMED _____
 BANNER POSTED _____
 CATALOG _____

DEPARTMENT: FINANCE

COLLEGE: BUSINESS

RECOMMENDED COURSE IDENTIFICATION:

PREFIX FIN COURSE NUMBER 6517 LAB CODE (L or C)

(TO OBTAIN A COURSE NUMBER, CONTACT MJENNING@FAU.EDU)

COMPLETE COURSE TITLE: SECURITY ANALYSIS

EFFECTIVE DATE

(first term course will be offered)

 SPRING 2015

CREDITS²: 3

TEXTBOOK INFORMATION:

Equity Asset Valuation by Jerald E. Pinto, Elaine Henry, Thomas R. Robinson, John D. Stowe, Abby Cohen, 2nd edition, Wiley

Fixed Income Analysis by Fabozzi and Leibowitz, 2nd edition, Wiley

GRADING (SELECT ONLY ONE GRADING OPTION): REGULAR X SATISFACTORY/UNSATISFACTORY

COURSE DESCRIPTION, NO MORE THAN THREE LINES: Emphasis on the characteristics of financial assets and on major valuation models to determine intrinsic value. This course focuses on equity and fixed income instruments.

PREREQUISITES *: SUCCESSFUL COMPLETION OF MARKET RATE MS FINANCE "BOOTCAMP."

COREQUISITES*:

REGISTRATION CONTROLS (MAJOR, COLLEGE, LEVEL)*:

STUDENTS MUST ADMITTED TO THE MS FINANCE MARKET RATE PROGRAM

* PREREQUISITES, COREQUISITES AND REGISTRATION CONTROLS WILL BE ENFORCED FOR ALL COURSE SECTIONS.

MINIMUM QUALIFICATIONS NEEDED TO TEACH THIS COURSE: MUST BE A MEMBER OF THE FAU GRADUATE FACULTY

Faculty contact, email and complete phone number:
 Scott Barnhart, sbarnhar@fau.edu
 561-297-2593

Please consult and list departments that might be affected by the new course and attach comments.³
 None

Approved by:

Department Chair: Ed Tarruck
 College Curriculum Chair: Wm. McDaniel
 College Dean: Ken H. Johnson
 UGPC Chair: [Signature]
 Graduate College Dean: [Signature]
 UFS President: _____
 Provost: _____

Date:

 9-22-14
 9-24-2014
 9-23-2014
 10/8/14
 10-15-14

1. Syllabus must be attached; see guidelines for requirements: www.fau.edu/provost/files/course_syllabus.2011.pdf
2. Review Provost Memorandum: **Definition of a Credit Hour** www.fau.edu/provost/files/Definition_Credit_Hour_Memo_2012.pdf
3. Consent from affected departments (attach if necessary)

Email this form and syllabus to UGPC@fau.edu one week before the University Graduate Programs Committee meeting so that materials may be viewed on the UGPC website prior to the meeting.



FIN 6515– Section - CRN Number
Security Analysis
Term
Class Location
Class Meeting Time(s)

Professor Information

Name: Finance Department Graduate Staff
Office Address: TBA
E-mail address: TBA
Phone Number: TBA

Office Hours

TBA

Required Text and Materials

(BKM): Investments, Bodie, Kane and Marcus, 10th edition. 2013, McGraw-Hill.

(PHRS): Equity Asset Valuation, Pinto, J., E. Henry, T. Robinson and J. Stowe, 2nd edition, 2010, CFA Institute.

(F) Fixed Income Analysis, Fabozzi, F., 2nd edition. 2007, CFA Institute.

Recommended Text and Materials (Optional)

Valuation: The art and science of corporate investment decisions, 2nd edition, 2011 by S Titman and J. Martin.

You will also need a financial calculator and MS Excel.

Course Description

Emphasis on the characteristics of financial assets and on major valuation models to determine intrinsic value. This course focuses on alternative equity and fixed income instruments, their markets, and valuation.

Course Prerequisites, Credit Hours, and Class Time Commitments

Admission to the Market Rate MSF Program, and successful completion of the Market Rate MSF Finance Bootcamp course.



Florida Statute Statement

According to Florida State Statute 6A-10.033, students must spend a minimum of 37.5 hours of **in class** time during a 3-credit course. Additionally, students enrolled in a 3-credit course are expected to spend a minimum of 75 hours of **out-of-class-time** specifically working on course-related activities (i.e., reading assigned pieces, completing homework, preparing for exams and other assessments, reviewing class notes, etc.) and fulfilling any other class activities or duties as required.

Course Learning Objectives

Learn how to value various equity instruments using methods including discounted cash flow, dividends and free cash models and various P/E, P/S and P/B models.

Learn how to estimate discount rates based on various current market based methodologies.

Grading

Midterm	35%
Final	35%
Projects	30%

Course Evaluation Method

Letter Grade	Points	Letter Grade	Points
A	92+	C	72+
A-	90+	C-	70+
B+	88+	D+	68+
B	82+	D	62+
B-	80+	D-	60+
C+	78+	F	<60

Additional Course Policies

Missing Exams

You should not miss exams, aside from an emergency. **If you must miss an exam I must be notified in advance with a legitimate excuse for you to be able to make up the exam. If I am not notified in advance with a legitimate excuse, you get a zero on that exam.** In the event of a serious emergency, notify me when possible.

Late Assignments

Late assignments are not allowed unless a legitimate excuse is provided.



Attendance Policy

Regular class attendance is strongly urged. As you may be aware, FAU has launched a new procedure to take attendance for all courses. To collect student attendance University-wide, a mandatory Blackboard survey with a direct hyperlink will be presented to all registered students for each course. Please complete the survey by the end of the drop/add period. More importantly, class activities are vitally important to the learning process. Tardiness is disruptive; if you must be late, please quietly take the first available seat and do not disturb the class. ***You are expected to turn off your cell phones*** and other electronic devices prior to the start of class.

Course Outline

Week 1 Types of Equity Securities and Their Characteristics

BKM: Chapters 1-2

PHRS: Chapter 1

Week 2 Equity Markets: Characteristics, Institutions, and Benchmarks

BKM: Chapter 3,5

Week 3 Fundamental Analysis (Sector, Industry, Company) and the Valuation of Individual Equity Securities

BKM: Chapter 17-18

PHRS: Chapter 2

Week 4 Equity Market Valuation and Return Analysis

PHRS: Chapter 3-4

NOTE: LAST DAY TO DROP: Date

Week 5 Special Applications of Fundamental Analysis (Residual Earnings)

PHRS: Chapter 5

Week 6 Equity of Hybrid Investment Vehicles

PHRS: Chapter 6

MIDTERM

Week 7 Types of Fixed-Income Securities and Their Characteristics

BKM: Chapters 14-15

F: Chapters 1-2



Week 8 Fixed-Income Markets: Characteristics, Institutions, and Benchmarks
F: Chapter 3

Week 9 Fixed-Income Valuation (Sector, Industry, Company) and Return Analysis
F: Chapter 5-6

Week 10 Term Structure Determination and Yield Spreads
F: Chapter 4,8i-iv

Week 11 Analysis of Interest Rate Risk
F: Chapter 7-8v-viii, 14, 19

Week 12 Analysis of Credit Risk
F: Chapter 15

Week 13 Valuing Bonds with Embedded Options
F: Chapter 9

Week 14 Structured Products
F: Chapter 13, 14

FINAL EXAM

Selected University and College Policies

Code of Academic Integrity Policy Statement

Students at Florida Atlantic University are expected to maintain the highest ethical standards. Academic dishonesty is considered a serious breach of these ethical standards, because it interferes with the university mission to provide a high quality education in which no student enjoys an unfair advantage over any other. Academic dishonesty is also destructive of the university community, which is grounded in a system of mutual trust and places high value on personal integrity and individual responsibility. Harsh penalties are associated with academic dishonesty. For more information, see [University Regulation 4.001](#).

Disability Policy Statement

In compliance with the Americans with Disabilities Act (ADA), students who require special accommodation due to a disability to properly execute coursework must register with the Office for Students with Disabilities ([OSD](#)) – in Boca Raton, SU 133, (561) 297-3880; in Davie, MOD



1, (954) 236-1222; in Jupiter, SR 117, (561) 799-8585; or, at the Treasure Coast, CO 128, (772) 873-3305 – and follow all OSD procedures.

Religious Accommodation Policy Statement

In accordance with rules of the Florida Board of Education and Florida law, students have the right to reasonable accommodations from the University in order to observe religious practices **and beliefs with regard to admissions, registration, class attendance and the scheduling of examinations and work assignments.** For further information, please see Academic Policies and Regulations.

University Approved Absence Policy Statement

In accordance with rules of the Florida Atlantic University, students have the right to reasonable accommodations to participate in University approved activities, including athletic or scholastics teams, musical and theatrical performances and debate activities. It is the student's responsibility to notify the course instructor at least one week prior to missing any course assignment.

College of Business Minimum Grade Policy Statement

The minimum grade for College of Business requirements is a "C". This includes all courses that are a part of the pre-business foundation, business core, and major program. In addition, courses that are used to satisfy the university's Writing Across the Curriculum and Gordon Rule math requirements also have a minimum grade requirement of a "C". Course syllabi give individualized information about grading as it pertains to the individual classes.

Incomplete Grade Policy Statement

A student who is passing a course, but has not completed all work due to exceptional circumstances, may, with consent of the instructor, temporarily receive a grade of incomplete ("I"). The assignment of the "I" grade is at the discretion of the instructor, but is allowed only if the student is passing the course.

The specific time required to make up an incomplete grade is at the discretion of the instructor. However, the College of Business policy on the resolution of incomplete grades requires that all work required to satisfy an incomplete ("I") grade must be completed within a period of time not exceeding one calendar year from the assignment of the incomplete grade. After one calendar year, the incomplete grade automatically becomes a failing ("F") grade.

Withdrawals

Any student who decides to drop is responsible for completing the proper paper work required to withdraw from the course.



Grade Appeal Process

A student may request a review of the final course grade when s/he believes that one of the following conditions apply:

- There was a computational or recording error in the grading.
- Non-academic criteria were applied in the grading process.
- There was a gross violation of the instructor's own grading system.

The procedures for a grade appeal may be found in Chapter 4 of the University Regulations.

Disruptive Behavior Policy Statement

Disruptive behavior is defined in the FAU Student Code of Conduct as "... *activities which interfere with the educational mission within classroom.*" Students who behave in the classroom such that the educational experiences of other students and/or the instructor's course objectives are disrupted are subject to disciplinary action. Such behavior impedes students' ability to learn or an instructor's ability to teach. Disruptive behavior may include, but is not limited to: non-approved use of electronic devices (including cellular telephones); cursing or shouting at others in such a way as to be disruptive; or, other violations of an instructor's expectations for classroom conduct.

Faculty Rights and Responsibilities

Florida Atlantic University respects the right of instructors to teach and students to learn. Maintenance of these rights requires classroom conditions which do not impede their exercise.

To ensure these rights, faculty members have the prerogative:

- To establish and implement academic standards
- To establish and enforce reasonable behavior standards in each class
- To refer disciplinary action to those students whose behavior may be judged to be disruptive under the Student Code of Conduct.