



**INVESTMENTS & SECURITY ANALYSIS  
COMM 321-A1  
FALL 2016**

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**OFFICE LOCATION: 10-4536**  
**OFFICE HOURS: WEDNESDAY 10:00 AM - 11:00 AM**  
**TELEPHONE NUMBER: 250-960-6260**

**CLASS TIME: THURSDAY 8:30AM - 11:20AM**  
**CLASS LOCATION: T & L 10-4520**  
**WEBSITE: [www.unbc.ca/commerce](http://www.unbc.ca/commerce)**

Information regarding the School of Business at UNBC can be found at: <http://www.unbc.ca/commerce>

**COURSE DESCRIPTION**

The principles and techniques of investing in securities are discussed. Material covered includes sources and analysis of investment information, evaluation of risks and returns associated with various financial instruments including futures and options. Security analysis including fundamental and technical analysis is conducted.

Prerequisite: COMM 320

**COURSE OBJECTIVES**

Students will have an overview of the capital markets including stocks, bonds, and derivatives. The course will help students to (i) improve their understanding of financial securities and markets, (ii) develop the ability to evaluate common stocks and bonds, (iii) understand how to apply security analysis techniques in relatively efficient capital market, and (iv) familiarize with other financial products. Students will conduct stock valuation using economic, industry, and company analysis following both fundamental and technical analysis approaches.

**REQUIRED TEXT**

Fundamentals of Investments: Valuation and Management, by Jordan, Miller, Dolvin and Yüce, McGraw-Hill Ryerson, 3<sup>rd</sup> Canadian Edition, 2012

**COURSE ASSIGNMENTS, EXAMS AND GRADE WEIGHTING**

Assignment	Due Date	Grade Weight
Midterm Exam 1	September 29, 2016	20
Midterm Exam 2	October 20, 2016	20
Investment Project	-	-
Security Analysis Report	November 24, 2016	25
Report Presentation	December 1, 2016	5
Final Exam (Comprehensive)	TBA	30
Total	-	100

## COURSE SCHEDULE

Date	Topic	Chapter
<b>September</b>		
8	Risk and return	1
15	Investment process	3
22	Securities and stock price behavior	4
29	Midterm Exam 1	1, 3
<b>October</b>		
6	Stock market and valuation	6, 7
13	Stock valuation	7
20	Midterm Exam 2	7
27	Bond market and Interest rates	10
<b>November</b>		
3	Bond valuation	11
17	Futures contract	16
24	Options and valuation	14, 15
<b>December</b>		
1	Additional materials + Report Presentation	
TBA	Final Examination	All chapters

\* Additional notes from other sources will be provided in classes. Students are responsible for their own notes from the lectures.

## ASSIGNMENT DESCRIPTION

### READING AND PRACTICE PROBLEMS

The reading and practice problems are designed to achieve the course objectives. Lectures and class discussions are planned with the assumption that students will complete the reading and practice problems on time. Power-point slides, practice problems and other reading materials (if any) will be posted on Blackboard.

### INVESTMENT PROJECT

The requirements of Investment Project are as follows:

1. Form a team of maximum three students for the project
2. Conduct a detail stock analysis using the materials covered in the classes
3. Submit your report including the analysis and recommendation to the instructor
4. Present your formal analysis and investment recommendation to the class

Your team recommendation should be based on both fundamental and technical analyses of the company and the stock in particular. Your analysis should include the relevant materials covered in the class; however, I encourage your creativity in this project. You must remain scientifically objective and not identify with or become an advocate for the company you are analyzing.

Your presentation and Security Analysis Report must have the following contents:

1. Company description highlighting its products and services, target markets, recent events that are relevant to the valuation of the company, current financial performance and existing financial facilities, management and governance practices.
2. Economic analysis addressing macroeconomic performance of the country where the company is incorporated. This part of the analysis should support your final recommendation.
3. Industry analysis highlighting the company's competitiveness in financial market. Other relevant factors that you may consider are: degree of competition, growth of industry-wide sales, profitability of competitors, life cycle stage of the industry, Porter's five factors, and P/E ratios of competing companies etc. This part of the analysis should support your final recommendation.

4. Stock market analysis including the trend of stock market index returns, average valuation ratios such as P/E ratios of stock market index. This part of the analysis should support your final recommendation.
5. Financial analysis of the company for at least the last five years. Choose the most critical financial ratios and compare them with those of major competitors. Complete the ratio calculations by yourself. Do not copy them from another source.
6. Financial projection including a forecast of revenues, earnings, earnings per share, and dividends. You should use your own forecast. For comparison purpose, you can use a secondary source such as Value Line.
7. Stock analysis using different approaches that would provide a basis for an investment decision. Include the assumptions that you make and all your calculation steps in the appendix. You can do simulation analysis at this point.
8. An unambiguous buy or sell investment recommendation based on your above analyses.

You may add content to the list above, but do not omit any of the items listed above. Team presentation should include relevant charts and graphs, but be sure you discuss the relevance of those exhibits in your paper if you present them. You may use Power Point in your presentation with the computer data projector.

Your report must also include the following:

1. A complete citation of sources within the narrative of the paper;
2. A complete bibliography or list of references;
3. An appendix including your calculations, and raw data that have been used for calculation purposes.

Your word-processed, error-free printed report is due at 8:45 am in the class on the due date of submission (November 24, 2016). No grade will be given for late submission. Report sent by E-mail will not be accepted for grading. The length of your report should not be more than 15 double spaced pages of 12 point type exclusive of references and appendix documents. Adherence to all academic standards and forms is expected. Particular attention should also be given in proper citation of sources; inclusion of bibliographies; the use of proper spelling and grammar; inclusion of page numbers; font size and margin.

Finally, this is a pledged assignment for all team members, and your paper must be original and not reused from any other course.

Each team member needs to participate in the presentation. If anybody does not show up during the presentation, (s)he will lose his/her own grade of presentation.

Participation in Investment Analysis Project (including both report preparation and presentation) is not optional, and the instructor reserves the right to adjust individual grades on the project to reflect participation. Each team member must need to fully participate in each of the steps mentioned in this section. On the day of report submission, each team member will also submit the "*Peer Evaluation of Participation Form*" confidentially to the instructor (Form will be uploaded in the Blackboard). The instructor will take the average score of participation and use it as a weight for grading individual score of each team member in Security Analysis Report. For instance, each member will provide participation score (out of 100%) for all three team members including him/herself. If the average score of participation of a team member X is 98%, and the total mark in team report is 23 out of 25, X will get 22.54 (=23×98%) as his/her individual grade in Security Analysis Report. There will be no change in participation score once a student submits the "*Peer Evaluation of Participation Form*" to the instructor.

#### **DUE DATES / LATE ASSIGNMENTS**

The Security Analysis Report will not be accepted after 8:45 am (in class) on the due date. No excuse will be considered.

## CONDUCT IN EXAMINATIONS

Students must present appropriate identification upon entering the examination room. Appropriate identification is defined as a UNBC student card and/or some other form of photo identification acceptable to the proctor. The following regulations (Regulation 40 Undergrad Calendar) apply to the conduct of examinations:

- a. Books, papers, or other materials or devices must not be in the possession of the student during an exam except by the express permission of the examiner. No laptop computers, no cell phones, handheld electronic devices or the like are allowed in the examination room. Students can carry only the financial/scientific calculator. Students are not allowed to share their calculators during the exam.
- b. No candidate is permitted to enter the examination room more than 30 minutes after the beginning of the examination, or permitted to leave within 30 minutes after the examination has started.
- c. Candidates must not communicate in any way with other candidates in the examination room.
- d. Candidates must not leave their seats, except when granted permission by the proctor.
- e. Candidates must turn in all materials, including rough work, upon leaving the examination room.
- f. Food and beverages other than water are not permitted in the examination room.

## MISSING A MIDTERM OR EXAM

Advance notice must be given when a student is unable to appear for an examination. Only duly authenticated bereavement, illness and legitimate reasons are admissible justifications for absence from a scheduled examination (e.g. Writing an LSAT or CPA exam and there is a time conflict). If you have missed a quiz or midterm, the student should contact the instructor immediately.

**Do not schedule travel during the midterm or exam period that may conflict with your midterm and final exam!**

## IF YOU HAVE MISSED A FINAL EXAMINATION

Satisfactory explanation, with supporting documentation as appropriate, for any final examination missed must be made by the student or designate to the Office of the Registrar within 48 hours from the time the examination was written.

Within 48 hours of receiving a submission, the Registrar or designate may direct the Program under which the course is offered to arrange the writing of a special examination in the case of an examination which was missed.

Normally, for explanations of sickness, a doctor's certification is required (Regulation 43. Undergraduate Calendar).

## GRADE SCALE

Grading System see website [www.unbc.ca/calendar/undergraduate/general/regulations.html](http://www.unbc.ca/calendar/undergraduate/general/regulations.html)

<u>Excellent</u>	A+	=	90-100%
	A	=	85-89.9%
	A-	=	80-84.9%
<u>Good</u>	B+	=	77-79.9%
	B	=	73-76.9%
	B-	=	70-72.9%
<u>Satisfactory</u>	C+	=	67-69.9%
	C	=	63-66.9%
<u>Marginal</u>	C-	=	60-62.9%
	D+	=	57-59.9%
	D	=	53-56.9%
	D-	=	50-52.9%
<u>Failure</u>	F	=	0-49.9%

## **PLAGIARISM AND ACADEMIC MISCONDUCT**

It is the student's responsibility to be aware of UNBC's Academic regulations, policies and procedures as described in Section 45 of the Undergraduate Academic Calendar. Please refer to the UNBC website. <http://www.unbc.ca/calendar/undergraduate/regulations>

A definition of academic misconduct includes:

Cheating (using unauthorized material, information, or study aids in academic exercise), plagiarism, falsification of records, unauthorized possession of examinations, intimidation and any and all other actions that may improperly affect the evaluation of a student's academic performance or achievement, assisting others in any act, submission of the same work for grades in two courses without permission of the instructor or attempts to engage in such acts.

The regulations on plagiarism apply to all materials submitted for a grade: essays, exams, assignments, cases, presentations, quizzes, and practice sets. Any case of suspected academic misconduct will be reported to the campus registrar. If the student is found guilty of academic misconduct there are both grade penalties and disciplinary penalties. Before there is any intention (on your part) or suspicion (on the part of your instructor or your peers) of wrongdoing, please see the instructor to discuss any problems of this nature. If your paper closely resembles a paper from this class or any other class (either written by you or another student, in this semester or any other), this will be considered an infraction of the academic misconduct code.

### **Respect**

Please demonstrate respect to your fellow students who express their thoughts and explore new ideas in the course.

### **Ethical Standards**

The following behaviors are considered unethical:

- Telling the instructor that you "need" a certain grade
- Asking for extra assignments for the purpose of raising a grade
- Asking that the grade be raised because it is very close to the next higher grade
- Asking that the grade be raised because you did very well on one part of the course or grading scheme
- Asking for a higher grade because you don't like the grading scheme
- Asking to be allowed to turn in an assignment/project late - even a few minutes late - because of computer or printer problems or any other reason
- Asking to be treated better than other students by making an exception to the rules
- Asking for any other unfair advantage in grading.

### **Exams**

In addition to the above comments on examinations, please see the calendar regarding details on UNBC expectations. Please refer to Section 39 of the Undergraduate Academic Calendar.

### **Access Resource Centre**

If there are students in this course who, because of a disability, may have a need for special academic accommodations, please come and discuss this with me, or contact staff at the Access Resource Centre ([arc@unbc.ca](mailto:arc@unbc.ca)) located in the Teaching and Learning Centre, Room 10-1048 on the main campus. Students can also call the ARC at (250) 960-5682. Regional students can call the Centre toll-free at 1(888) 960-5682.

### **Academic Advising**

For academic advising, please contact the Recruitment and Advising Centre, Room 7-714, by email: [advising@unbc.ca](mailto:advising@unbc.ca) or via phone at 250-960-6494.

## **Access Success Centre**

For tutoring online or in person; download handouts on writing, math, and referencing; receive study assistance; and much more, please see the Learning Skills Centre. Their website is [www.unbc.ca/asc](http://www.unbc.ca/asc)

The Academic Success Centre is committed to supporting and enhancing student learning and to providing the skills students will need to become life-long learners. Through collaborative partnerships, we offer services and resources that empower students to take responsibility for their own learning. Our students' success is our ultimate measure of accomplishment.

This site provides you with access to:

- Free online tutoring
- Downloadable handouts for writing, study skills, math, and presentation skills
- Access to self assessment sites for learning styles, grammar, math, etc.
- Information about face-to-face tutoring and how to book an appointment
- Special programs and workshops offered through the Centre

For more information, please contact the Academic Success Centre located in the Teaching and Learning Building, Room 10-2584 or via Tel 250-960-6367 Fax 250-960-5425 or via email [asc@unbc.ca](mailto:asc@unbc.ca). Their website is [www.unbc.ca/asc](http://www.unbc.ca/asc)

## **Math Academic Centre for Excellence (MACE)**

The Mathematical Academic Centre for Excellence (MACE) is a student-centered space dedicated to students taking math-based courses. MACE is a space for working on problems alone or in groups or for getting help from tutors, teaching assistants, and faculty who are available at scheduled times. MACE tutors can be identified by their green ties embroidered with the MACE frog.

Students go to MACE to do practice problems, work in study groups, do math problems related to science and business courses, receive help, and discuss math concepts. MACE is located in room 10-2088 in the Teaching and Learning building.