Eastern Illinois University
New Course Proposal
FIN 4220, Applied Securities Analysis

1. Catalog Description
   a) **Course Number:** FIN 4220
   b) **Title:** Applied Securities Analysis
   c) **Meeting time and credit:** 3-0-3
   d) **Terms to be offered:** F,S
   e) **Short title:** Applied Sec An
   f) **Course Description:** An integration of investment and portfolio management concepts with applications to real-time portfolio management. Students research, recommend, and execute buy/sell orders. Topics include analyst research, research report writing, portfolio manager decision-making, and development of skills to recognize anomalies in security markets.
   g) **Prerequisites:** FIN 3720 and FIN 3730, or permission of the Instructor.
   h) **Initial term of course offering:** Fall 2004.

2. Objectives and Evaluation of the Course
   a) **Student learning objectives:** Upon completion of the course, students will be able to:
      1. Integration and application of professional tools, techniques and skills in hands-on, real-world financial asset management.
      2. Demonstrate a capacity to manage the demands on money management professionals.
      3. Understand how financial markets function on a day-to-day basis.
      4. Identify factors that impact securities prices on a day-to-day basis.
      5. Compose research reports and interpret information in the reports for investment decision-making.
   b) **Assessment of achievement of student learning objectives:** Evaluation will be based on:
      1. Weekly short oral classroom reports on the performance of the assigned securities/sector;
      2) Two major written reports that are also presented orally;
      3) A major research project;
      4) Daily participation;
      5) The performance of selected securities/sector relative to a relevant benchmark;
      6) The performance of the overall portfolio relative to a relevant benchmark.
   c) **Not applicable.**
   d) **Not applicable.**
   e) **This course is writing active.** Writing assignments include a research project and two long reports. These assignments constitute 40% of the course grade.

3. Outline of the Course
   a) **Schedule by week:**

   Week 1  Organization of course; Role of the Analyst; Sources of Information; Assignment of Responsibilities; Assessment of current portfolio
   Week 2  Fiduciary Responsibility; Report Writing; Individual Reports; First two sector reports; Performance Assessment
   Week 3  Material for Individual Reports; Individual Reports; Next two sector reports; Performance Assessment
   Week 4  Role of the Portfolio Manager; Individual Reports; Next two sector reports; Performance Assessment
   Week 5  Risk, Risk Analysis, and Controlling Risk; Individual Reports; Next two sector reports; Performance Assessment
   Week 6  Ethics; Individual Reports; Next two sector reports; Performance Assessment
   Week 7  Technical Analysis; Individual Reports; Next two sector reports; Performance Assessment
   Week 8  Exploiting market anomalies; Individual Reports; Next two sector reports; Performance Assessment
4. **Rationale**
   
a) **Purpose and need**: Assessment of the finance curriculum by the School of Business Advisory Board indicates that students who are interested in the field of securities analysis need hands-on experience. The course will offer a unique competitive advantage for our students as they enter the job market and will offer the ability to apply the financial theory learned in other classes to real-world asset management. By providing the responsibility for actively managing real funds, the course will encourage the development of a professional approach and promote ethical conduct.

   b) **Justification of the level of the course and of course prerequisites**: The course will be offered at the upper division during the senior year as a method to allow integration and synthesis of previous material. The prerequisite of BUS 3710 (Business Financial Management) will provide the basic vocabulary and mathematics of finance. FIN 3720 (Investments) will provide the fundamentals of security analysis, and FIN 3730 (Financial Markets and Derivatives) will provide exposure to the way that the financial markets function.

   c) **Similarity to existing courses**: There are no courses that offer a similar experience in the curriculum. FIN 3720 (Investments) provides the fundamentals of security analysis, and FIN 4200 (Portfolio Management) provides the theory of portfolio construction and evaluation. The proposed course will provide application of these and more advanced topics.

   d) The course will be an elective in the Finance major.

5. **Implementation**
   
a) **Faculty members to whom the course may be assigned**: James Jordan-Wagner, Ingyu Chou.

   b) **Additional costs to students**: Students will be required to subscribe to either the Investor's Business Daily or The Wall Street Journal. The cost is approximately $36.00.

   c) **Text and supplementary materials to be used**: Possible texts are Francis and Ibbotson, *Investments: A Global Perspective*, New Jersey: Prentice Hall, 2002; Strong, *Portfolio Construction, Management, and Protection, 2nd ed.*, South-Western, 2000. Students will be required to subscribe to either the Investor's Business Daily or The Wall Street Journal. EIU maintains both Research Insight and the Center for Research in Securities Pricing data bases, which the students will be required to use.

6. **Community College Transfer**
   
   Since this is a 4000 level course, a community college course will not be judged equivalent to this course.

7. **Date approved by the Finance Discipline**  October 16, 2003

8. **Date approved by the Department or School**  October 27, 2003

9. **Date approved by the College Curriculum Committee**  December 4, 2003

10. **Date approved by CAA**  January 22, 2004