

BUS A212: PRACTICAL INVESTMENT MANAGEMENT

| Item | Value |
|------------------------------------|--|
| Curriculum Committee Approval Date | 09/22/2021 |
| Top Code | 050100 - Business and Commerce, General |
| Units | 3 Total Units |
| Hours | 54 Total Hours (Lecture Hours 54) |
| Total Outside of Class Hours | 0 |
| Course Credit Status | Credit: Degree Applicable (D) |
| Material Fee | No |
| Basic Skills | Not Basic Skills (N) |
| Repeatable | No |
| Open Entry/Open Exit | No |
| Grading Policy | Standard Letter (S), • Pass/No Pass (B) |

Course Description

Modern stock and bond portfolio management practices and techniques. Focus is on risk management strategies, ethical issues, and industry standards as they relate to conflicts of interest, performance measurement, and presentation of results. Transfer Credit: CSU.

Course Level Student Learning Outcome(s)

1. Discuss the role of an investment manager, investment policy and objectives in structuring a portfolio of stocks, bonds, options, and futures.
2. Analyze and appraise various investments using bond yield curves, bond swap opportunities, derivatives, option strategies, and convertible securities.
3. Collect, compile and interpret international investment research and information for country risk diversification within a portfolio.

Course Objectives

- 1. Explain the role of an investment manager with respect to structuring a portfolio of stocks, bonds, options, and futures.
- 2. Price stocks, mutual funds, options, and fixed income securities online from the Internet.
- 3. Create an Investment Policy for a portfolio.
- 4. Structure an appropriate portfolio of both stocks and fixed income securities investments given a set of investment objectives.
- 5. Choose and defend a portfolio management strategy to achieve stated investment objectives.
- 6. Analyze and evaluate various investments for inclusion in the chosen strategy.
- 7. Evaluate the Treasury Yield Curve for Treasury bond investment opportunities and outline a Bond Strategy to maximize profit potential that is within stated investment policy.
- 8. Identify bond swap opportunities while managing a bond portfolio.
- 9. Employ derivatives such as puts, calls, and futures to manage risk, transfer risk, and for financial leverage, when needed to achieve stated investment objectives within a stated investment policy.

- 10. Research and use International investments for diversification and country risk mitigation.
- 11. Measure break-even ranges for option strategies.
- 12. Evaluate the opportunities and risk associated with convertible securities.

Lecture Content

1. Internet as a Financial Information Resource a. Researching securities online b. Edgar database online c. Financial new sources online d. Online portfolio pricing e. Securities exchanges web sites and resources f. Government and SEC filings online 2. Role of Equities in a Portfolio a. Maximize expected utility of investment program b. Relative risk in a portfolio c. Asset allocation d. Passive management e. Na ve strategy 3. Dynamic Asset Allocation a. Active management b. Constant proportion rebalancing c. Constant beta rebalancing d. Indexing equity portfolio nb sp; e. Dollar cost averaging 4. Managing the Fixed Income Portfolio a. Malkiel s theorems b. Macauley duration c. Modified duration e. Effective duration f. Dollar duration g. Simple convexity 5. Bond Portfolio Strategies a. Active versus passive bond portfolio management b. Ladder strategy c. Barbell strategy d. Credit barbell e. Indexing f. Bank immunization g. Bullet immunization 6. Bond Swaps a. Sector selection b. Yield curve reshaping c. Rate anticipation swaps d. Intermarket swaps e. Substitution swaps f. Issue selection 7. Role of Derivative Assets a. Risk management b. Risk transfer c. Financial leverage d. Financial engineering e. Futures contracts and options g. Hedging 8. Strategies Using Derivatives a. Option pricing models (black-scholes) b. Delta in hedging application c. Writing options to generate income d. Writing options for downside protection e. Protective puts f. Using index options 9. Mortgage Backed Securities (MBS) nbsp; a. Types of mortgages used b. Mortgage mathematics c. Risks associated with mortgage types d. Mortgage backed securities market e. Types of mortgage backed securities f. Collateralized mortgage obligations (cmo) g. Pricing mortgage backed securities h. Risks of mortgage backed securities 10. Investment Companies a. Closed-end investment companies b. Regulated investment companies c. Investment company act of 1940 d. Expense ratio e. Rolling load f. 12b-1 fees g. Trailing commissions h. Fund of funds i. Investment company institute 11. Convertible Securities a. Conversion feature b. Pricing of convertible bonds c. Convertible preferred stock d. Warrants and leverage e. Option strategies with convertible securities 12. Investing Internationally a. International diversification b. Non-U.S. equities c. Non-U.S. bonds d. Country funds and webs e. Characteristics of emerging markets f. Country risk 13. Performance Measurement a. Relating risk and return (geometric means) b. Association for investment management and research (aimr) standards c. Traditional performance measures d. nb sp; Leverage and derivatives disclosure e. Performance presentation standards 14. Ethical Issues and Industry Standards a. Securities and exchange commission standards b. Ethics training c. Brokerage firms policy statements d. Fiduciary relationships e. Misleading advertisements f. Client-manager understandings 15. Contemporary Issues a. Chartered financial analyst program b. Internet trading c. Day trading d. Internet controls e. Derivatives

Method(s) of Instruction

- Lecture (02)
- DE Live Online Lecture (02S)
- DE Online Lecture (02X)

Instructional Techniques

1. Lecture and Independent Study 2. The Internet is used to research investment portfolios and strategies of publicly traded investment managers, mutual funds, indexes and gather the securities quotes necessary for calculating investment risks and returns.

Reading Assignments

6 hours/week.

Writing Assignments

This course relies heavily on students learning to mitigate both systematic and unsystematic risks associated with contemporary investment strategies. Students will have the opportunity to create a portfolio of stocks, bonds, futures, indexes, and options, using the Internet and its pricing opportunities and tools.. A written evaluation by the students of the what/if scenarios associated with various economic environments, and the expected effect on their theoretical portfolio will contribute to the students understanding of the effects of uncertainty on forecasting investment returns. The course reinforces the use of accepted industry and regulatory standards and ethics in reporting investment performance. 1 hour/week

Out-of-class Assignments

2 hours/week.

Demonstration of Critical Thinking

Written assignment (portfolio project), testing

Required Writing, Problem Solving, Skills Demonstration

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Eligible Disciplines

Business: Master's degree in business, business management, business administration, accountancy, finance, marketing, or business education
OR bachelor's degree in any of the above AND master's degree in economics, personnel management, public administration, or Juris Doctorate (J.D.) or Legum Baccalaureus (LL.B.) degree OR bachelor's degree in economics with a business emphasis AND master's degree in personnel management, public administration, or J.D. or LL.B. degree OR the equivalent. Master's degree required.

Textbooks Resources

1. Required Strong, Robert. Practical Investment Management., ed. Mason: Thomson Southwest Publishers, 2007 Rationale: . 2. Required Mayo, Herbert. Investments: An Introduction, 11 ed. Cengage Publishers, 2014