

**University of Missouri - St. Louis**  
**Course Syllabus**  
**FIN 3520 - 001 / FIN 6520 G01 Face-to-face**  
**Investments / Security Analysis**  
**Spring 2024**

Instructor: Professor Hung-Gay Fung



Classroom: **SSB 335** (Social Science Business Building, 335), 11:00am-12:15pm

Office: AB Hall 234

Phone: 314 516 6374

Email: [fungh@umsl.edu](mailto:fungh@umsl.edu)

Office Hours: MW 8:30-9:30am and by appointment

**Text:** Lecture notes and published articles provided on canvas

**References (optional)**

Essentials of Investment 11th Ed or 10th Ed, Bodie, Kane, and Marcus,  
McGraw-Hill/Irwin; Investments, 11th Ed, Bodie, Kane, and Marcus.

**Prerequisite:** Finance 6500/3500 and a minimum GPA of 2.0 or above.

**Objective of the course**

This is an introductory 3-credit-hour investment course that covers topics in investment concepts and portfolio management. They include topics such as Equilibrium in Capital Markets, Market Efficiency, Utility Maximization, Fixed-Income Securities, Securities Analysis, Diversification,

Options and Futures. We use lectures, case analysis, and student presentation for learning and instructional purposes.

Class Attributes: Senior Level/graduate, College of Business or Graduate Students

Grade:	Quiz 1	10%
	Quiz 2.1	4%
	Quiz 2.2	10%
	Quiz 3.1	4%
	Quiz 3.2	10%
	Quiz 4	10%
	Quiz 5.1	4%
	Quiz 5.2	10%
	Quiz 6	10%
	Case presentation %	
	Write-up	28%
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	Total	100%

- No make-up exams and quizzes will be given under normal conditions, and
- Late assignments are not accepted.

**Class Schedule (all materials for reading are included on canvas)**

Date	Module	Topics
1/17	1	Introduction to investment  Asset Allocation & trading  Reference:  Hendrik Bessembinder (2018). Do stocks outperform Treasury bills? <i>Journal of Financial Economics</i> , 129, 440-457.  Mark J. Drozdowski (2021), Massive Endowment Returns Make Rich Universities Even Richer, <a href="https://www.bestcolleges.com/contributors/mark-drozdowski/">https://www.bestcolleges.com/contributors/mark-drozdowski/</a>  Brandy Hopkins, Delbert C. Goff and Don R. Cox (2013), The Investment Performance Of U.S. University Endowment Funds: Should Some Be Passively Managed? <i>Journal of Financial and Economic Practice</i> , 13(1),38-44.

1/22		Securities Markets
1/24		FOMC, Stock Indices and Stock Split
1/29		<b>Quiz 1</b>
1/31	2	Basic Investment Knowledge
2/5		Continued Basic investment Sector: ETF
2/7		Initial Public Offering (IPO) <i>Supplementary material: "What is IPO?"</i>
2/12		<b>Quiz 2.1</b> (short quiz) Momentum Strategy, trading halt and market crash <i>Reference:</i> G. Geoffrey Booth, Hung-Gay Fung, Wai Kin Leung (2016) A risk-return explanation of the momentum-reversal "anomaly." <i>Journal of Empirical Finance</i> , 35, 68-77.
2/14		Efficient Portfolio and diversification
2/19		Risk and Return
2/21		<b>Quiz 2.2</b>
2/26	3	Capital Asset Pricing Model
2/28		continued & Quiz 3.1 (short quiz)
3/04		Equity Valuation (DDM); P/E ratio <i>Reference</i> Dividend Discount Model.ppt, power point slides
3/06		Quiz 3.2—an overall test for module 3
3/11	4	Efficient Market Hypothesis
3/13		Other related topics: Meme stocks; Death Cross; Did the markets learn? Short Squeeze
3/18		Quiz 4
3/20	5	Bond Prices, Yields, and Yield Curve

### Spring Break

4/1		Duration, Quiz 5.1 (short quiz): take-home quiz convexity Credit Default Swaps WSJ article: Dow Soars Above 32000 to Close at Record
4/3		Quiz 5.2
4/8	6	Introduction to Futures and options
4/10		Options Diagrams and Protective Puts
4/15		continued and <i>Review6</i> file.
4/17		Quiz 6
4/22		Review on Business Valuation
4/24	7	Student Case Analysis and Presentation:  <i>Teuer Furniture (A)</i> by Mitchell Petersen, Northwestern University Case, Kellogg School of Business, case #: KEL 778, 2020.
4/29		<i>continued</i>
5/1	8	Case presentation continued & Review

### Case Analysis:

Prepare a memo to present to Teuer's management/board that details the value of Teuer and the key assumptions underlying your valuation. Support your answer with logic and facts from the case. The bullet points below should help guide your analysis.

- Construct the pro forma financials. To value Teuer Furniture, the first step is to construct a pro forma income statement and pro forma balance sheet.
- Value the firm using the discounted cash flow method. You need to include the terminal value in your valuation. Assume the long-term growth rate of Teuer Furniture's cash flow is 3.5% and the firm's cost of capital is 12.1%. What is the value of Teuer Furniture on a per-share basis? Evaluate the reasonableness/robustness of the firm value calculated.

- Evaluate the key assumptions of the case. Prepare to defend or explain the assumption and make robust arguments for them.