

# Minnesota State University Moorhead

## FINC 360: Principles of Investment

### A. COURSE DESCRIPTION

Credits: 3

Lecture Hours/Week: 3

Lab Hours/Week: 0

OJT Hours/Week: \*.\*

Prerequisites:

This course requires the following prerequisite

FINC 340 - Financial Management

Corequisites: None

MnTC Goals: None

This course provides a basic understanding of the functioning of securities markets, individual investment alternatives, issues involved in investment theory and practice, and investment analysis and valuation. Emphasis is placed on the understanding of the background terminology and risk/return characteristics of different investment opportunities.

**B. COURSE EFFECTIVE DATES:** 06/01/1995 - Present

### C. OUTLINE OF MAJOR CONTENT AREAS

1. Risk/return and other issues involved in investment
2. Financial markets and financial instruments
3. Issuance and trading of securities
4. Mutual funds and other investment companies
5. Investors and investment process
6. Measuring risk and return and efficient diversification
7. Asset pricing models
8. Efficient markets and the sourced of market efficiency
9. Bond prices and yields
10. Managing bond investments
11. Equity valuation
12. Fundamental and technical analysis
13. Derivative securities; futures and options

#### **D. LEARNING OUTCOMES (General)**

1. What are the key issues involved in investment decisions
2. What are the sources and measurements of risk and return
3. Distinguish among major assets that trade in money and capital markets
4. Describe the role of brokers and how securities are traded
5. Describe various ways market indexes are created and used.
6. Classify mutual funds and discuss advantages and disadvantages of mutual fund investing
7. Discuss investment objectives and constraints on individual and institutional investors
8. Describe how risk and return are measured and how diversified portfolios are constructed
9. Discuss capital market theory and the use of capital asset pricing model in security selection
10. Discuss why security price movements are unpredictable and provide support for efficient market hypothesis
11. Describe the process of bond valuation and various measures of returns
12. Discuss bond features and sensitivity of its price to interest rates
13. Compute bond duration describe how it can be used in immunization strategies
14. Calculate intrinsic value of a security using dividend discount models
15. Describe the top down approach to security analysis
16. Discuss important technical indicators and how does technical analysis contradict efficient market hypothesis
17. Discuss call and put options and calculate profit to various option position
18. Discuss how various factors affect option values
19. Describe futures contracts and functioning of futures markets

#### **E. Minnesota Transfer Curriculum Goal Area(s) and Competencies**

None

#### **F. LEARNER OUTCOMES ASSESSMENT**

As noted on course syllabus

#### **G. SPECIAL INFORMATION**

None noted