



# LINCOLN UNIVERSITY

<b>Course Title</b>	Investments (Stock Market)	<b>Instructor:</b>	Professor Dan Sevall
<b>Course No:</b>	BA 365	<b>Phone:</b>	650-380-0518
<b>Class hours:</b>	Mondays 6:30 to 9:15pm	<b>E-mail:</b>	dsevall@lincolnuca.edu
<b>Units:</b>	3 units (45 lecture hours)	<b>Office Hours:</b>	Monday and Thursdays - 5:30pm-6:30pm
<b>Semester:</b>	Fall 2012	<b>Office:</b>	Room 407

## REQUIRED MATERIALS:

Textbook: *Financial Markets and Institutions, 10<sup>th</sup> edition* by Jeff Madura (ISBN: 978-0-538-48213),  
*The (Mis)Behavior of Markets* by Benoit Mandelbrot & Richard L. Hudson (ISBN: 0-465-04357-7),  
*The Black Swan* by Nicholas Taleb, (ISBN: 978-1-4000-6351-2)

Required Tools: Microsoft Excel Spreadsheets

## COURSE DESCRIPTION:

In-depth survey of the stock market. Topics include: NYSE, NASDAQ and regional exchanges; OTC market; stock price average and indexes; trading securities; trading options; dividend policy; equity analysis; convertible securities, mutual funds. (3 units)

## LEARNING OBJECTIVES:

The students will review the basic underpinnings of the world's financial markets, with an emphasis on stock market activity. Students will learn both the rationale for the existence of stock markets, the theories guiding market valuations, as well as an opportunity to engage in practical stock market trading through an on-line simulation to take place throughout the course.

## INSTRUCTIONAL METHODS:

Lecture method, as well as weekly online simulation activity (<http://www.marketwatch.com/Game/>).

## OTHER REQUIREMENTS:

Students will be expected to do reading in three texts, so that they can have a broad conceptual framework. Essays and exams will cover reading from all three texts.

## **ASSIGNMENTS:**

Most assignments will be from the textbook. Each assignment is due on the Monday of the next week after it is assigned.

## **EVALUATION:**

Classroom engagement	every week	10%
Mid-semester Presentation	As scheduled	15%
Mid-semester exam	As scheduled	20%
Final exam	As scheduled	30%
Final Simulation Presentation	As scheduled	25%

*Students will be allowed to use computers during tests.*

In addition, PhD candidates will need to complete two additional research assignments concerning both The Black Swan, and (MIS)Behavior of Markets. For *The Black Swan*, this research assignment concerns whether current emphasis on using the normal distribution is appropriate for understanding and predicting stock market events. For *(MIS)Behavior of Markets*, PhD candidates will explore the efficacy of employing fractal geometry towards stock market events.

## **GRADING:**

Grades will be determined according to the following percentages awarded for completed work:

- 85% -100 % : A (A+ to A-) range
- 75% - 84%: B (B+ to B-) range
- 65% - 74%: C (C+ to C-) range
- 55% - 64%: D
- Below 55%: F

## **COURSE SCHEDULE:**

Weekly schedule of topics is attached. Students should read every chapter of the textbook on the topic to be discussed in class before they come to class. Be ready to answer in writing all review questions and to solve problems at the end of the chapter.

## **MODIFICATION OF THE SYLLABUS:**

**This syllabus was updated on July 22nd, 2012.** The instructor reserves the right to modify this syllabus at any time during the semester. An announcement of any changes will be made in the classroom.

## SCHEDULE OF TOPICS

*Please read every chapter of the textbook before you come to class*

Class Session	Topics	Chapters
1	Role of Financial Markets and Determination of Interest Rates	Chapters 1,2 Madura text
2	Structure of Interest Rates, Functions of the Fed and Monetary Policy	Chapters 3,4 and 5 Madura text
3	Stock Offerings and Investor Monitoring, Stock Valuation and Risk	Chapters 10 and 11 Madura text
4	Market Microstructures and Strategies	Chapters 12 and 13 Madura text
5	Option Markets, Swap Markets and Foreign Exchange Derivative Markets	Chapters 14, 15 and 16
6	Mid-semester presentations	
7	<b>Review.</b>  <b>MIDTERM EXAM</b>	All Previous Material
8	Black Swan	Chapters 1-6
9	Black Swan	Chapters 7-12
10	Black Swan	Chapters 13- 18
11	(MIS) Behavior of Markets	Chapters 1-5
12	(MIS) Behavior of Markets	Chapters 6-11
13	(MIS) Behavior of Markets	Chapters 12- 13
14	<b>Final Presentations and Review</b>	

### COMPREHENSIVE FINAL EXAM

Let's get ready for a great course!