College for Financial Planning
PFP 551—Investment Analysis
Master Course Syllabus

I. Course Description

Course Description

The course introduces the student to more advanced quantitative investment analysis concepts with respect to risk and return, security valuation, technical analysis, and investment performance evaluation.

Prerequisites

PFP 510, PFP 511, PFP 512, and PFP 550

II. Overview

Overview

The goal of this course is to help practitioners master the intricacies of the investment analysis and portfolio management techniques that professional investment managers employ. The course presents in-depth coverage of the valuation methods applied to equity, bond, and derivative securities, fundamental analysis, technical analysis, and portfolio management strategies.

III. Required and Recommended Text

Required Texts

Reilly, Frank K., and Keith C. Brown. *Investment Analysis and Portfolio Management*, 9th ed. Thompson/South-Western, 2009, 0-324-289030.

You may order textbooks online at www.cfpbooks.com, by fax at 800-274-9105, or by telephone at 800-274-9104.

Students interested in selling their textbooks back to EdMap should click on the following site: http://edmap.sellyourbooks.com.

Course Materials

Technical Analysis: An Overview, Hal Lenhart, CFA (2007)

Attribution Analysis, Hal Lenhart, CFA (2007)

Additional readings. Students are strongly encouraged to subscribe to the *Wall Street Journal, Financial Times, The Economist, or Barron's*.

IV. Course Goals

Week 1

Measure historical rates of return, calculate expected rates of return, identify determinants of required rates of return, and discuss the relationship between risk and return.

Week 2

Apply technical analysis to securities in identifying trending patterns, support and resistance prices, and price retracement patterns; and effectively apply oscillators to evaluate overbought/oversold conditions.

Week 3

Discuss and apply the Capital Asset Pricing Model and the Arbitrage Pricing Theory and evaluate the models on an empirical and *a priori* basis.

Week 4

Apply equity valuation techniques including discounted cash flow, constant and non-constant growth models, and multiplier models and ratios.

Week 5

Compute bond yields, calculate future bond prices, and measure bond volatility using duration and convexity.

Week 6

Apply theoretical equity valuation models to stock market analysis.

Week 7

Distinguish between option and futures contracts payoff patterns; apply put-call parity to option contracts; and apply cost-of-carry to futures contracts.

Week 8

Identify key components in and investment policy statement and analyze portfolio manager performance under various composite performance measures.

V. Grades

Grading Policy

Final grades will be posted within fifteen days after the end of the course.

Grade	Percentage	Points	Grade	Percentage	Points
A	95% to 100%	950–1000	B–	80% to 82.9%	800–829
A–	90% to 94.9%	900–949	C+	75% to 79.9%	750–799
B+	87% to 89.9%	870–899	C	70% to 74.9%	700–749
B	83% to 86.9%	830–869	F	69.9% and below	<700

VI. Assignments

Exams will be posted approximately one week before the due date on OLS under "Assignments." Download the Word file and edit the exam file with your answers and work where appropriate. Save the exam to your files and post your submitted exam on OLS under "Submit Assignments."

Week 1: The Investment Setting

Weekly Objective: Upon completion, the student should be able to measure historical rates of return, calculate expected rates of return, identify determinants of required rates of return, and discuss the relationship between risk and return.

Reading Assignment: *Investment Analysis and Portfolio Management*, Chapter 1.

Weekly Exam: To be posted.

Grade Points: 125

Week 2: Technical Analysis

Weekly Objective: Upon completion, the student should be able to apply technical analysis to securities in identifying trending patterns, support and resistance prices, and price retracement patterns; and effectively apply oscillators to evaluate overbought/oversold conditions.

Reading Assignment: *Technical Analysis: An Overview* (Course Materials).

Weekly Exam: To be posted.

Grade Points: 125 points

Week 3: Asset Pricing Theories and Models

Weekly Objective: Upon completion, the student should be able to discuss and apply the Capital Asset Pricing Model and the Arbitrage Pricing Theory and evaluate the models on an empirical and a priori basis.

Reading Assignment: *Investment Analysis and Portfolio Management*, Chapter 8.

Weekly Exam: To be posted.

Grade Points: 125 points

Week 4: Security Valuation

Weekly Objective: Upon completion, the student should be able to apply equity valuation techniques including discounted cash flow, constant and non-constant growth models, and multiplier models and ratios.

Reading Assignment: *Investment Analysis and Portfolio Management*, Chapter 11.

Weekly Exam: To be posted.

Grade Points: 125 points

Week 5: Bond Valuation

Weekly Objective: Upon completion, the student should be able to compute bond yields, calculate future bond prices, and measure bond volatility using duration and convexity.

Reading Assignment: *Investment Analysis and Portfolio Management*, Chapter 19. Review Chapter 18 if required.

Weekly Exam: To be posted.

Grade Points: 125 points

Week 6: Stock Market Analysis

Weekly Objective: Upon completion, the student should be able to apply theoretical equity valuation models to stock market analysis.

Reading Assignment: *Investment Analysis and Portfolio Management*, Chapter 13.

Weekly Exam: To be posted.

Grade Points: 125 points

Week 7: Options and Futures

Weekly Objective: Upon completion, the student should be able to distinguish between option and futures contracts payoff patterns; apply put-call parity to option contracts; and apply cost-of-carry to futures contracts.

Reading Assignment: *Investment Analysis and Portfolio Management,* Chapters 21 and 22.

Weekly Exam: To be posted.

Grade Points: 125 points

Week 8: Investment Policy and Attribution Analysis

Weekly Objective: Upon completion, the student should be able to analyze portfolio manager performance under various composite performance measures.

Reading Assignment: *Investment Analysis and Portfolio Management,* Chapters 2 and 26. *Attribution Analysis (Course Materials).*

Weekly Exam: To be posted.

Grade Points: 125 points