Credit Hours: 3

Contact Hours: This is a 3-credit course, offered in accelerated format. This means that 16 weeks of material is covered in 8 weeks. The exact number of hours per week that you can expect to spend on each course will vary based upon the weekly coursework, as well as your study style and preferences. You should plan to spend 14-20 hours per week in each course reading material, interacting on the discussion boards, writing papers, completing projects, and doing research.

Faculty Information: Faculty contact information and office hours can be found on the faculty profile page.

COURSE DESCRIPTION AND OUTCOMES

Course Description:

This course aims to study investments in a variety of assets considering a financial economics context. Students will familiarize with financial markets and different financial securities, including new ones such as cryptocurrencies. Furthermore, students will explore the underlying economic theories associated with investments by reading the latest articles and solving specific problems and cases. Important themes included in the course are individual decision-making, risk and return, and security valuation. Topics include Modern Portfolio Theory, CAPM model, and an examination of the characteristics of different financial securities such as stocks, bonds, and mutual funds. The basic forms of options and futures are also explored. A revision of the basics of cryptocurrencies and its impact on the economy is also provided.

Course Overview:

Financial economics involves the study of the allocation of economic resources, mainly money, in an uncertain environment using financial tools and variables. The course covers how the financial variables of prices, interest rates, and shares are interrelated. The investment decisions involve using economic theories such as individual decision making, risk and return, and expected utility. The financial theories include security valuation, Modern Portfolio Theory, CAPM model, and an examination of the characteristics of different financial securities, such as stocks, bonds, and mutual funds. The basic forms of derivative securities, options, and futures are covered in the course. A discussion of the basics and the latest on cryptocurrencies is provided.

Course Learning Outcomes:

1. Analyze the elements of investing in financial instruments in the securities markets.
2. Assess the efficiency of competitive markets in allocating the risk and return from investment, using modern portfolio theory.
3. Assess the efficiency of competitive markets in distributing investment capital among firms.
4. Analyze the valuation of financial claims using various pricing models.
5. Interpret a complete security analysis using macroeconomic industry examination, financial statement analysis, and multiple equity valuation models.

6. Appraise intrinsic values of derivative securities to show how such securities can reduce risk.

PARTICIPATION & ATTENDANCE

Prompt and consistent attendance in your online courses is essential for your success at CSU-Global Campus. Failure to verify your attendance within the first 7 days of this course may result in your withdrawal. If for some reason you would like to drop a course, please contact your advisor.

Online classes have deadlines, assignments, and participation requirements just like on-campus classes. Budget your time carefully and keep an open line of communication with your instructor. If you are having technical problems, problems with your assignments, or other problems that are impeding your progress, let your instructor know as soon as possible.

COURSE MATERIALS

Required Readings

Smart, B. S., Gitman, L. J., & Joehnk, M. D. (2017). *Fundamentals of investing* (13th ed.). Boston, MA: Pearson Education. ISBN: 9780134083308

Recommended Readings

Elton, E. J., Gruber, M. J., Brown, S. J., Goetzmann, W. N. (2015). *Modern portfolio theory and investment analysis* (9th ed.). Hoboken, NJ:Wiley. ISBN: 9781118469941

Hull, J. C. (2018). *Options, futures, and other derivatives* (10th ed.). New York, NY: Pearson. ISBN-13: 9780134472089

LeRoy, S., & Werner, J. (2014). *Principles of financial economics*. New York, NY: Cambridge University Press. doi:10.1017/CBO9781139162272 (for the advanced reader)

NOTE: All non-textbook required readings and materials necessary to complete assignments, discussions, and/or supplemental or required exercises are provided within the course itself. Please read through each course module carefully.

COURSE SCHEDULE

Due Dates

The Academic Week at CSU-Global begins on Monday and ends the following Sunday.

- **Discussion Boards:** The original post must be completed by Thursday at 11:59 p.m. MT and peer responses posted by Sunday at 11:59 p.m. MT. Late posts may not be awarded points.
- **Critical Thinking:** Assignments are due Sunday at 11:59 p.m. MT.
- **Live Classroom:** Although participation is not required, Live Classroom sessions are held during Week 3 and Weeks 6. There are two total sessions.

WEEKLY READING AND ASSIGNMENT DETAILS

<u>**Module 1**</u>
Required Readings
- Chapters 1 & 2 in *Fundamentals of Investing*

Discussion (25 points)

Critical Thinking (75 points)

<u>**Option #1: Investments and Taxes**</u>

Directions:

1. Read the problem below and answer all questions.
2. Submit your response in a Word document.
3. You must show your calculations and highlight your final responses.
4. Be sure to label all answers appropriately (e.g., shares, dollars, percentages, etc.).

Problem:

Janet Smith, a 55-year-old architect, has $100,000 to invest. Janet will need the money at retirement, in 10 years. There are two investment options for her:

1. A telecommunication company common stock that costs $50 per share and pays dividends of $2.7 per share per year (a 5.4% dividend yield). The dividends will be taxed at the rate that applies to long-term capital gains. The stock price is expected to remain the same.

2. A highly rated corporate bond that sells for $1,000 and pays annual interest rate of 5.1% (or $51 per $1,000). After 10 years, these bonds will be repaid at par value.

Assume that Smith takes out the income generated from the investment and does not re-invest it. Assume that she will pay all income taxes on the income generated from her investment. The stock will be sold after 10 years, if bought. The bonds will give back the same amount invested, which is $1,000 per bond. The tax rate bracket for Smith is 33%.

Answer the following questions:

1. How many shares of stock can Smith buy?
2. How much will Smith receive (after taxes) each year in dividend income if she goes with option #1, the stock option?
3. What is the total amount generated that Smith will have for the original $100,000 if she goes with the stock option?
4. How much income will Smith receive (after taxes) each year if she goes with the second option, the bond option?
5. What is the total amount Smith will have of the original $100,000 if she goes with the bond option?
6. Based on the results you found, and ignoring risk factors, which option above do you believe Smith should go with: the stock or the bond option? Explain and justify your answer.
7. How would your answer change if the stock price is expected to drop to $45 per share at the end of the 10th year?

Your paper should conform to the CSU-Global Guide to Writing and APA Requirements.

Option #2: Stocks Story Problem

Directions:

1) Read the problem below and answer all questions.

2) Submit your response in a Word document.

3) You must show your calculations and highlight your final responses.

4) Be sure to label all answers appropriately (e.g., shares, dollars, percentages, etc.).

Problem:

On January 1, 2018, an investor is considering buying 120 shares of MUFC, which current price is $45 per share. The investor sets a margin of 50% and assumes that there are no brokerage costs. Later, on January 1, 2019, due to a very good first half of the premier league season, the stock rises to $55 per share.

1.   What is debit balance in this transaction as of January 1, 2018?
2. At the initial date, how much equity capital the investor must provide to make this margin transaction?
3. At January 1, 2019, what is the investor's new margin position?
4. If a minimum maintenance margin of 30% is put on place, calculate the margin percentage and show whether the investor would have excess equity, would be restricted, or would be subject to a margin call when the stock price takes the following value:
1. 40

2. 65
3. 30

Your paper should conform to the CSU-Global Guide to Writing and APA Requirements.

Portfolio Reminder (0 points)

There are two options available for your Portfolio Project. You will choose only one option to complete. Do not do both assignments. Read both Portfolio Project descriptions in the Module 8 folder. Review the Portfolio Project Rubric and then choose which option you will complete for your final Portfolio Project.

Begin work on your project early. You're required to select one of the two options and submit your option selection and Company Overview in Week 2, a draft bibliography in Week 7, and the final Portfolio Project at the end of Week 8.

Module 2
Required Readings
- Chapter 3 & Appendix 4A in *Fundamentals of Investing*

Discussion (25 points)

Critical Thinking (75 points)

Option #1: Time Value and Market Indices

Below are three problems that you must solve. Enter your answers and supporting calculations in a Word document. Assuming that you use a financial calculator or an online financial tool, note what information you are entering and what you are computing.

1. What is the present value of 100 shares of stock that will pay an annual dividend of $5 per share and will be sold in eight years for $80 per share? Assume that the investor receives the last dividend on the same day that the stock is sold. Also assume that the investor's required rate of return on this investment is 8.25%. Round your answer to the nearest cent.
2. Assume that on January 1, 2017, you have a portfolio composed of 2 shares, in which 60% of the portfolio is invested in stocks of company A, and 40% on stocks of company B. The stocks of company A have an historical annual growth rate of 15%, whereas the stocks of company B have an historical annual growth

rate of 5%. What will be the cumulative return (total return) of your portfolio after 3 years?Round your answer to the nearest tenth of a percent (e.g., 33.3%).

3. Assume that on January 1, 2016, the Dow Jones Industrial Average was 11,800. Also assume that on December 31, 2016, we know that the Dow has grown consistently at a rate of 2% during the first semester, and at a rate of 3% during the second semester. Then, in 2017, there is a crash on the financial system similar to the one observed in 1987. At the end of 2017, the Dow has plunged at an annual rate of -22.61%. Calculate the final value of the Dow at the end of 2017, round the new Dow to the nearest integer.

Option #2: Solving Problems

Below are three problems that you must solve. Enter your answers and supporting calculations in a Word document. Assuming that you use a financial calculator or an online financial tool, note what information you are entering and what you are computing.

1. You have been researching a stock that you like, which is currently trading at $50 per share. You would like to buy the stock if it were a little less expensive – for example, $47 per share. You believe that the stock price will go to $70 by year-end and then level off or decline. You decide to place a limit order to buy 100 shares of the stock at $47 and a limit order to sell it at $70. It turns out that you were right about the direction of the stock price, and it goes straight to $75. What is your current position?
2. You own 500 shares of Great, Inc., stock. It is currently priced at $50. You are going on vacation and you realize that the company will be reporting earnings while you are away. To protect yourself against a rapid drop in the price, you place a stop-limit order to sell 500 shares at $40. It turns out the earnings report was not so good and the stock price fell to $30 right after the announcement. It did, however, bounce back, and by the end of the day it was back to $42. What happened in your account?
3. You have $5,000 in a 50% margin account. You have been following a stock that you think you want to buy. The stock is priced at $52. You decide that if the stock falls to $50, you would like to buy it. You place a limit order to buy 300 shares at $50. The stock falls to $50. What happens?

Your paper should conform to the CSU-Global Guide to Writing and APA Requirements.

Portfolio Milestone (25 points)

Option #1: Select Your Company for Final Project

This week you will choose the company you wish to analyze for your Portfolio Project. You will do a complete analysis on this company for your final Portfolio Project, so choose one that interests you. There are restrictions on the company you may choose:

● You will have an easier time with this project if you do NOT choose a financial institution such as a bank or insurance company.
● Note that may not choose the company Caterpillar since that firm will be used as an example in this course.
● The company you choose must be publicly traded and pay dividends.
● Your firm must have readily accessible financial information online.

Instructions:

1. Submit your choice of company along with an evaluation of the preliminary analysis of the company's external environment.
2. Include the financial analysis and any other reasons that persuaded you to choose this firm.

Your paper should be 300-600 words and formatted according to the CSU-Global Guide to Writing and APA Requirements .

Option #2: Select Your Company for Final Project

You are a financial investor, and you are about to make a financial investment decision for one of your clients: choose a company for her to invest in. For purposes of this assignment, there are restrictions on the company you may choose: it may NOT be the company Caterpillar; it must have financial information available online.

1. Your task is to find a company that has its financial information online (finance.yahoo.com is a good option to go with). In other words, make sure you have access to the financial information for the company.
2. For this assignment, submit the company name, an evaluation of the preliminary analysis of the company's external environment, and the financial analysis for the company that persuaded you to choose this company.
3. Select the ratios you want to use for the final Portfolio Project.

Your paper should be 300-600 words and formatted according to the CSU-Global Guide to Writing and APA Requirements .

Module 3
Required Readings
   ● Chapters 4 & 5 in *Fundamentals of Investing*

Discussion (25 points)

Live Classroom (0 points)

Critical Thinking (75 points)

Option #1: Risk and Return

This week you will begin working with financial data from the company you chose last week in the Portfolio Milestone for your Portfolio Project (remember: you cannot choose the company Caterpillar). You will be downloading monthly price and dividend information for your firm and entering annual price and dividend information into the Excel spreadsheet linked below. You will analyze your firm's price and dividend data in isolation and within a portfolio.

Directions:

To complete this assignment, follow steps 1-5 below.

Step 1: Retrieve stock price and dividend information for your chosen company. There are various sites from which you may retrieve stock price and dividend information. The instructions that follow are for retrieving the information from http://finance.yahoo.com/:

   ● In the opening page, type your firm's name.
   ● Then click on Historical Data.
   ● Change the reporting method to Monthly, and submit.

- You will then see monthly prices as well as dividends. Remember that you had to select a firm in Module 2 that paid dividends.
- Download your company's price information (from finance.yahoo.com) to the Excel spreadsheet provided and linked below, and attach it to your submission.

Step 2: Click on the link below to open the Excel spreadsheet that you will be using for this assignment.

- Enter annual price and dividend data into the spreadsheet provided.
- Find the open price quote in the first day reported of January 2012 and enter it into your spreadsheet.
- Find the dividends that were paid in 2011 and enter it into your spreadsheet. If your firm pays quarterly dividends (like Caterpillar), add the four dividends paid that year to get annual dividends.
- Continue this process to 2011, 2010, and so on. Enter all price and dividend information into the spreadsheet (in the column that says Student Company).

There are columns established in the spreadsheet for Caterpillar so you can follow the process in your entry and calculations. Note that Caterpillar had a 2:1 stock split in 1997 and 2005, and these have been adjusted with the price information for that split on my spreadsheet. If you have stock splits, you will have to make similar adjustments. Feel free to add columns as needed in your spreadsheet.

Step 3: It is time to analyze return and risk.

- First, compute each year's return (you can follow the Caterpillar example in the spreadsheet).
- Second, compute the average return over the entire 15 years as well as the standard deviation of returns at the bottom of your column.

- Look at other calculations in the spreadsheet to see the command for computing these items. All returns and standard deviations should be in percentage and rounded with two places past the decimal (e.g., 24.33%).

Step 4:

- Create a column where you will report the return on a portfolio of your stock plus the 12 other stocks covered on the spreadsheet (assume equal investments in all the stocks). Essentially, you will be computing an average annual return (for every year) for the stocks in your portfolio since the portfolio is equally weighted with all 13 stocks.
- Then compute an average return and standard deviation of return at the bottom of the portfolio column.

Step 5:

- Compute the average standard deviation of all the stocks and compare it to the standard deviation you just computed on the portfolio.
- Briefly discuss why the standard deviation of the portfolio is smaller than the average standard deviation.

Turn in your spreadsheet with this assignment. You must incorporate at least two scholarly sources to back up your reasoning. The CSU-Global Library is a good place to find these resources. Your paper should conform to CSU-Global Guide to Writing and APA Requirements. You must include a reference page for your cited sources.

Option #2: CAPM

Currently, the market return is 12%, and the risk-free rate is at 5%. There are a number of portfolios in which you are considering investing. Using the following information, provide an answer for the next 4 questions.

Investment (Beta):

A (1.3)

B (1.0)

C (0.70)

D (0.0)

E (2.5)

1. Which investment is most risky? Least risky? Explain your reasoning and back up your explanation with research.
2. Use the capital asset pricing model to find the required return on each of the investments.
3. Using your findings in part 2, draw the security market line.
4. On the basis of your findings in part 3, what relationship exists between risk and return? Carefully explain.
5. Consider a portfolio composed of investments A to E, with equal shares .(i.e. 20% each one). What would be the beta of that portfolio?

Your response must be in the form of a 5- to 6-page paper, not including the cover and reference pages that are required. You must incorporate at least two scholarly sources to back up your reasoning. The CSU-Global Library is a good place to find these resources. Your paper should conform to CSU-Global Guide to Writing and APA Requirements.

Module 4
Required Readings
- Chapter 6 in *Fundamentals of Investing*

Discussion (25 points)

Critical Thinking (75 points)

Option #1: Financial Analysis Made Easy

DuPont Analysis (see below for a brief overview) is a quick and relatively easy way to assess the overall health of a firm in four simple ratios.

DuPont Analysis consists of breaking down return on equity (ROE) into essential parts as follows:

- ROE = PM (profit margin) * AT (asset turnover) * EM (equity multiplier).
- ROE = net income/total equity; this ratio is very important to stockholders.
- PM = net income/total revenue; it tells you how effectively costs were controlled by management.
- AT = total revenue/total assets; it tells you how efficiently assets are being used to generate revenues.
- EM = total assets/total equity; it tells you how reliant the firm is on debt.

You can read more about each of these ratios in your textbook.

Directions:

In this assignment, you will perform DuPont Analysis on Caterpillar Inc. and its closest competitor, CNH Global.

1. You will report the ratios and your analysis in a Word document.
2. In your Word document, set up a table that organizes the four Caterpillar ratios for each of the past three years and the CNH Global ratios for the most recent year only and then analyze your results.

1. To assess the health of Caterpillar, you will find the 3rd quarter financial statement, found in the link below. (Use the consolidated part for the third quarter of 2015.)
2. Compute all parts of the DuPont Ratio for the past three years, and then compare those numbers to the most recent year ratios of one of the company's closest competitors, CNH Global, 3rd quarter financial statement. Click the link below for the quarterly reports.
3. Your analysis should include a discussion of the strengths or weaknesses revealed in each ratio.
4. All four ratios should be discussed.
5. Your document should be 600-1,200 words and should conform to CSU-Global Guide to Writing and APA Requirements.

Note: Financial information and competitor information is relatively easy to find. You can use Yahoo Finance (http://finance.yahoo.com/.) and type in a company's name. Once you have the firm's page, look on the left side of the screen (in a blue box) and find the firm's Balance Sheet and Income Statement links. You can also find the firm's closest competitor and follow the same process in getting their financials.

Option #2: Case: Common stock analysis

Imagine you are working for Drexel & Morgan Bank, and you are assigned with the task of evaluating Earl Grey, Inc. Consider the following financial information of this company.

Consider the following information about Earl Grey, Inc.

- Total assets $250 million
- Total debt $110 million
- Preferred stock $ 35 million
- Common stockholders' equity $105 million
- Net profits after taxes $25.5 million
- Number of preferred stock outstanding 1.5 million shares
- Number of common stock outstanding 9 million shares
- Preferred dividends paid $2.5 per share
- Common dividends paid $0.70 per share
- Market price of the preferred stock $32.55 per share
- Market price of the common stock $26.00 per share

Use the information above to find the following.

1. The company's book value
2. Its book value per share
3. The stock's earnings per share (EPS)
4. The dividend payout ratio
5. The dividend yield on the common stock
6. The dividend yield on the preferred stock

Directions:

1. You will report the ratios and your analysis in a Word document.
2. Your analysis should include a discussion of the strengths or weaknesses revealed in each ratio.
3. All six ratios should be discussed.

4. Your document should be 600-900 words and should conform to CSU-Global Guide to Writing and APA Requirements.

Portfolio Reminder (0 points)

Keep working on your Portfolio Project. You can find industry and company analysis free of charge on the Internet in many places, such as on the company's website, finance. Yahoo, msn.com, and others.

Module 5
Required Readings
- Chapters 7, 8, & 9 in *Fundamentals of Investing*

Discussion (25 points)

Critical Thinking (75 points)

Option #1: Computing Intrinsic Value

Step 1: Go to http://finance.yahoo.com/ and enter CAT (Caterpillar). Do the following:

- Pick up CAT's opening stock price on January 3, 2017 (the first trading day in 2017). You can find this in *Historical Prices* and then change the frequency to monthly. You can also find the information on this spreadsheet in the link below (the unadjusted price data), linked in this module folder.
- When looking at historical prices, pick up the total quarterly dividends paid in 2016. You will see dividends listed with the monthly prices.
- Look under *Analyst Estimates* and find out what analysts estimate the growth rate will be for the next five years.
- Also find CAT's beta under *Key Statistics*.

Step 2: Now, assume that the risk-free rate of return is 3% and that the market rate of return is 12%. Also assume that Caterpillar is a constant growth firm. In a Word document, complete the following requirements. Show your supporting calculations for parts 1-3.

- Compute the required rate of return on Caterpillar using the Capital Asset Pricing Model (CAPM).
- Using the annual dividend, the required rate of return from CAPM, and the growth rate from analysts, compute the intrinsic value of Caterpillar using the constant growth model. If the estimated growth rate is more than your required rate of return, then use 20% as the growth rate.
- Compare intrinsic value to CAT's current stock price. Discuss the investment decision given these results; that is, would Caterpillar be a good investment when you compare price to intrinsic value? Explain your answer.

Step 3: Identify and briefly discuss two potential weaknesses of your analysis and results. Your paper must conform to the CSU-Global Guide to Writing and APA Requirements.

Option #2: Analysis of Ratios

Step 1: Assume you work for the financial research unit of an investment bank, and you are responsible for the financial analysis of The Monti Company. The firm has net profits of $12 million, sales of $165 million, and 3.0 million shares of common stock outstanding. The company has total assets of $80 million and total stockholders' equity of $50 million. It pays $1 per share in common dividends, and the stock trades at $25 per share. Given this information, determine the following:

1. Monti's EPS
2. Monti's book value per share and price-to-book-value ratio
3. Monti's P/E ratio
4. The company's net profit margin
5. The stock's dividend payout ratio and its dividend yield
6. The stock's PEG ratio, given that the company's earnings have been growing at an average annual rate of 7.5%

Step 2: Identify and briefly discuss two potential weaknesses of your analysis and results. Your paper must conform to the CSU-Global Guide to Writing and APA Requirements.

Module 6
Required Readings
- Chapters 10 & 11 in *Fundamentals of Investing* (Skip "Duration and Immunization" through the end of the Chapter 11)

Discussion (25 points)
Live Classroom (0 points)

Critical Thinking (75 points)

Option #1: Bond Valuation and Yields

Below are four bond problems that you must solve. Enter your answer and supporting calculations into a Word document and submit it. You will need to use a financial calculator or an online financial tool, but you must include what information you are entering and what you are computing in your submission. Assume the bond face value is $1,000.

1. You are considering the purchase of a 7%, 15-year bond that pays interest annually. If the yield to maturity on the bond is 6%, what price will you pay? Round your answer to the nearest cent.
2. What is the current yield on the bond from #1? Round your answer to the nearest tenth of a % (e.g., 12.2%).
3. Assume that you purchased the bond at the price determined in #1. It is now two years later and the bond is selling for $1,120. What is the bond's yield to maturity at this point in time? Round your answer to the nearest tenth of a percent.
4. Assume that you purchased the bond at the price determined in #1. Now you sell the bond for $1,120. Assume you receive the second year's interest payment on the sale date. What is your rate of return on this investment? You must use a financial calculator to compute this return and round your answer to the nearest tenth of a percent.

Your paper must adhere to the CSU-Global Guide to Writing and APA Requirements.

Option #2: Bond Valuation Using Zero Rates

Assume that you are a financial analyst in the fixed income department of an investment bank. You are given the following information: the 6-month, 12-month, 18-month, 24-month, and 30-month zero rates are, respectively, 4%, 4.2%, 4.4%, 4.6%, and 4.8% per annum, with continuous compounding. Your task is to answer the following questions.

1. Estimate the cash price of a bond with a face value of 100 that will mature in 30 months and pays a coupon of 4% per annum semiannually.
2. Calculate the yield rate of this bond.

Enter your answer and supporting calculations into a Word document and submit it. Your paper must adhere to the CSU-Global Guide to Writing and APA Requirements.

Module 7
Required Readings
- Chapter 12 in *Fundamentals of Investing*
- Chen, H., Desai, H., & Krishnamurthy, S. (2013). A first look at mutual funds that use short sales. *Journal of Financial & Quantitative Analysis*, *48*(3), 761-787. (To view this reading, please open the link provided and download the "PDF full text.")

Discussion (25 points)

Portfolio Milestone (25 points)

Option 1: Portfolio Project Bibliography

This week, you should submit a draft of your Portfolio Project bibliography containing at least eight credible sources (a minimum of five for Part 1; two for Part 2; and one for Part 3). Three or more of those references must be from academic/scholarly journals from the CSU-Global Library. Be sure to cite each reference properly, according to CSU-Global Guide to Writing and APA Requirements . Upload your completed work to the Module 7 folder for review by your instructor.

This week, you should submit a draft of your Portfolio Project bibliography containing at least eight credible sources. Three or more of those references must be from academic/scholarly journals from the CSU-Global Library. Be sure to cite each reference properly, according to CSU-Global Guide to Writing and APA Requirements. Upload your completed work to the Module 7 folder for review by your instructor.

Module 8
Required Readings
- Chapter 14 (up to "Stock Index and Other Types of Options") & Chapter 15 (up to "Trading Techniques") in *Fundamentals of Investing*.

Discussion (25 points)

Portfolio Project (300 points)

Option #1: Stock Analysis and Recommendation Project

In this Portfolio Project, you will be analyzing a firm and submitting its name in Module 2 (see the Module 2 folder to read about this Portfolio Milestone. There are restrictions concerning the company may choose, so be sure to read the Milestone). You will write a paper that leads you to a supported investment decision.

The paper must contain three parts, as outlined below. Your presentation should not simply repeat quantitative work already performed, but instead discuss and justify with supportive evidence from scholarly sources what your work means to the investment decision.

Part 1: Top-down analysis

When performing top-down analysis, one considers the current state of the economy, an industry outlook, and the potential success of an investment in a specific firm. This section of your paper should include the following:

1. A brief review of current economic trends in your company's industry. Consider how this industry is expected to perform in the coming two to three years given current macroeconomic trends. Be sure to discuss the overall economic outlook in the context of your firm's industry.
2. A brief review of your chosen company's outlook. What are analysts saying about the future of this firm? What do you think about the company's outlook? Report the company's beta as well as the 12-month high and low price of your firm's stock in this section of your paper.
3. A discussion of the results found from performing DuPont Analysis on your firm for the past three years as well as the most recent year of your firm's closest competitor. You should create a table that organizes your data and include it as an appendix to the paper.

You must use at least **five sources** of information to complete this section of your paper; be sure to cite all sources used. This section of your paper will be 900-1,200 words.

Part 2: Stock Valuation

This is a discussion of the intrinsic value of your firm's common stock. You may also want to include a brief discussion of analysts' opinions concerning your firm's stock value at this time. To complete this section of the paper, you will:

1. Calculate intrinsic value using at least two methods. You have learned three methods of calculating an intrinsic value, including the Dividend Valuation Model, Dividends-and-Earnings method, and the P/E approach. You may have to make some reasonable assumptions to form values.
2. Compare and discuss your intrinsic values to the current price of the company stock.
3. Include your quantitative work in an appendix to your paper, of whatever length is adequate to express your calculations.

Be sure to cite at least **two sources** for data used in this part of your analysis. This section of your paper will be 300-600 words.

Part 3: Investment Recommendation

You have been given a portfolio of securities to which your firm's stock may or may not be added. Given the analysis that you have completed in Parts 1 and 2, you will now make an investment decision. Does it make sense to add the stock to this portfolio? You must make a decision and support your decision with at least **three supporting facts** that you learned in your analysis. You must also have at least **one cited source**, so be sure to cite the source(s). You should also comment on any reason(s) that you hesitate with that decision.

This section will be 600-900 words.

Your entire paper must comprise the following:

- Title page.
- An executive summary of your analysis (no more than one page).
- Part 1: Top-down analysis.
- Part 2: Stock Valuation discussion.
- Part 3: Recommendation with conclusion.
- At least eight credible sources (a minimum of five for Part 1; two for Part 2; and one for Part 3), all cited in the Reference page.
- Appendix 1: DuPont Analysis calculations.
- Appendix 2: Quantitative Analysis calculations using at least two methods of estimation.

Be sure that you include all of the necessary components, as described in the assignment and reflected in the Portfolio Project grading rubric (Module 8 folder). Format the entire project according to the CSU-Global Guide to Writing and APA Requirements.

Option #2: Supported Investment Decision

In this Portfolio Project, you will be analyzing a firm and submitting its name in Module 2 (see the Module 2 folder to read about this Portfolio Milestone. Review carefully the restrictions concerning what company you may choose.). You will be writing a paper that leads you to a supported investment decision.

The paper must contain the parts as outlined below. You should not simply repeat quantitative work already performed, but instead discuss and justify with supportive evidence from scholarly sources what your work means to the investment decision.

Evaluation of the company's position

Your paper should include the following:

1. A brief analysis of a company. (See the Module 2 Portfolio Milestone in the Module 2 folder to understand what companies you may choose.) Explain the nature of the operations, products, industry, market share, and the major competitors.
2. Collect the financial statements of the operations and explain how the company performed in the last five years. Include in your analysis the major components of the financial statement and the items you think are the most relevant to your analysis.
3. Explain and evaluate the external factors that impact the company's financial position and operations. In this analysis you should include any potential economic cycles and indicators that could impact the company's performance.
4. Evaluate the financial performance of the company. In this section you need to compare at least five ratios with the industry's trends. In your evaluations you should include the significance of the ratios you presented and why you presented them.
5. Compare the ratios with the industry ratios and evaluate how the company is performing.
6. Using the tools you have learned in the class (including the DuPont Analysis), predict the performance of the company and justify why you selected the trend and prediction you stated. What supports your arguments?
7. Make your recommendation about the stock option and whether you would recommend a purchase or not. On what did you base the recommendation?

Your paper must include the following:

- Title page.
- An executive summary of your analysis (no more than one page).
- Stock Valuation discussion.
- Recommendation with conclusion.
- At least eight credible sources cited and referenced in the Reference page.
- Appendix 1: DuPont Analysis calculations.
- Appendix 2: Quantitative Analysis calculations using at least two methods of estimation.

Your paper must be 1,800-24,00 words, not including the cover and reference pages or the appendices. Be sure that you include all of the necessary components as described in the assignment and reflected in the Portfolio Project Grading Rubric (Module 8 folder). Format the entire paper according to the CSU-Global Guide to Writing and APA Requirements.

Grading Scale	
A	95.0 – 100
A-	90.0 – 94.9
B+	86.7 – 89.9
B	83.3 – 86.6
B-	80.0 – 83.2
C+	75.0 – 79.9
C	70.0 – 74.9
D	60.0 – 69.9
F	59.9 or below

Course Grading

20% Discussion Participation
45% Critical Thinking Assignments
35% Final Portfolio Project
0% Live Classroom

For information on late work and incomplete grade policies, please refer to our **In-Classroom Student Policies and Guidelines** or the Academic Catalog for comprehensive documentation of CSU-Global institutional policies.

Academic Integrity
Students must assume responsibility for maintaining honesty in all work submitted for credit and in any other work designated by the instructor of the course. Academic dishonesty includes cheating, fabrication, facilitating academic dishonesty, plagiarism, reusing /repurposing your own work (see CSU-Global Guide to Writing & APA Requirements for percentage of repurposed work that can be used in an assignment), unauthorized possession of academic materials, and unauthorized collaboration. The CSU-Global Library provides information on how students can avoid plagiarism by understanding what it is and how to use the Library and internet resources.

Citing Sources with APA Style
All students are expected to follow the CSU-Global Guide to Writing & APA Requirements when citing in APA (based on the most recent APA style manual) for all assignments. A link to this guide should also be provided within most assignment descriptions in your course.

Disability Services Statement
CSU-Global is committed to providing reasonable accommodations for all persons with disabilities. Any student with a documented disability requesting academic accommodations should contact the Disability Resource Coordinator at 720-279-0650 and/or email ada@CSUGlobal.edu for additional information to coordinate reasonable accommodations for students with documented disabilities.

Netiquette
Respect the diversity of opinions among the instructor and classmates and engage with them in a courteous, respectful, and professional manner. All posts and classroom communication must be conducted in accordance with the student code of conduct. Think before you push the Send button. Did you say just what you meant? How will the person on the other end read the words?

Maintain an environment free of harassment, stalking, threats, abuse, insults, or humiliation toward the instructor and classmates. This includes, but is not limited to, demeaning written or oral comments of an ethnic, religious, age, disability, sexist (or sexual orientation), or racist nature; and the unwanted sexual advances or intimidations by email, or on discussion boards and other postings within or connected to the online classroom. If you have concerns about something that has been said, please let your instructor know.