

INVESTMENTS

Course Syllabus

Instructor:	Dr. Sheng Yang	Semester:	Spring 2012
Office:	Beck Hall 153	Course Section:	E/M-371-001
Office Hours:	MTWF 10:30-11:30am or by appointment	Class Hours:	MTWF 9:00 -9:50
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E-mail:	syang10@gustavus.edu	Instruction Method:	Lecture

CATALOG DESCRIPTION:

Examination of how financial instruments are valued and traded. Investment strategies, such as active versus passive investing and constructing efficient portfolios, are explored. Students will present investment recommendations to the class (generally individual stock or mutual funds.) Students are expected to use the internet or other sources to conduct research.

PREREQUISITE: E/M-101, E/M-102, E/M-130, and completion of departmental mathematics requirement.

COURSE OBJECTIVES:

The objective of this course is to help students develop a solid understanding of the theory and practice of investment analysis. Course coverage includes security trading mechanism, investment theories, equity and bond valuations, and portfolio performance evaluation, with an emphasis on developing analytical skills for the investment process. Students are also expected to gain hands-on experience in security selection and portfolio management through a group-based investment simulation project

REQUIRED TEXTBOOK:

1. Essentials of Investments with Connect Plus, 8th edition, 2010, by Bodie, Kane, and Marcus, ISBN 0-07-760677-9.
2. Texas Instruments BAII Plus.

Calculator

You must have a financial calculator to get through the course. Many of the exam problems involve complex arithmetic and financial calculations, and a financial calculator is necessary to solve them. TI-BAII Plus is the one recommended and will be used for instructional purposes. The calculator does everything needed in the course. I will use one in class and explain how to work various problems with it, so you can follow lectures most easily if you use a TI-BAII Plus. As you will soon see, the ability to use a financial calculator is critical to success in the class. Note students may not share calculators on exams.

RECOMMENDED READINGS: The Wall Street Journal

MOODLE CLASS WEBSITE:

A class website on Moodle is created for posting messages, assigned study problems for quizzes, exam study guides, and additional study materials. Class announcement and due dates will be posted on Moodle. Students can use email function on Moodle to reach the instructor and other students. Discussion will also be utilized for assigned problem discussion and message exchange.

COURSE REQUIREMENTS:

Final grade will be determined on the basis of examination grades, performance of assignments, and class attendance and participation. Students are expected to turn in assignments and take exams according to the schedule. No late assignment will be accepted, and no make-up exam will be given without an official proof being turned in to the instructor prior to the exams. In order to be excused from an exam, the student must contact me before the exam. Excuses will be granted only if the student is unable to take the exam because of

serious illness or injury, or a significant personal or professional commitment. Excuses will not be granted for social activities such as ski trips, cruises, and trips to sporting events (unless you are participating). Cheating and plagiarism on any assignment will result in an "F" grade for the entire course.

Attendance and Participation

Participation and attendance are important part of successful completion of this course. Some materials and assignments will be discussed and completed only in class. Attendance and participation will be considered when computing the course grade. I will reserve the right to lower your course grade by half a letter grade if you have 4 absences and a letter grade if you have 6 absences. Student who misses more than 8 classes will receive an F grade for the entire course.

Group Excel Assignments (12%)

In the beginning of the class, students should form a study group with no more than 3 members in the group. Each group is required to complete the assigned problem on MS Excel. Completed group assignments are to be turned in to the specified folder on Moodle prior to the meeting time of the class on the due date. Due date for the assignment will be posted on Moodle. The excel assignments are designed to help students develop spreadsheet modeling skills in portfolio optimization and asset pricing. Details of the assignment will be distributed in class and made available through the Moodle class website.

CONNECT FINANCE Problem Sets (16%)

Assigned problems will be available on Connect Finance, an electronic computer assignment and scoring website. A Connect access code may be packaged with the textbook if you purchase at the bookstore. If you do not have an access code, you can buy one during registration. The link to the website is http://connect.mcgraw-hill.com/class/y_sheng-ping_em_371. Problems will be assigned upon completion of each chapter. Homework which is assigned for credit will have to be submitted through Connect Finance prior to the meeting time of the class on the due date. The solutions to assignments will be displayed in Connect Finance after submission of Homework assignment. Homework submitted late will NOT be counted for grading purposes.

Stock-Trak Project (12%)

Students will participate in a group-based investment simulation project with an initial wealth of \$100,000 over a 10-week trading period from Feb. 27 to May 4. The project is managed by a nationwide investment simulation broker STOCK-TRAK. Each group is required to formulate trading strategies, conduct research, select securities, execute trades and track weekly performance of their portfolio. A comprehensive written report and in-class presentation are required for each group. Details on the project will be posted on Moodle.

Examinations (60%)

Four term exams and a non-cumulated final exam will be administered throughout the term. Each exam will consist of multiple-choice and problem-solving questions. Exam contents are taken from the reading and hands-on material covered in the course required text. No books and no notebooks will be allowed in the examinations. For the exams you will be allowed to bring in a financial calculator and a 3 by 5 inch index card. TI-BAII calculator is the only calculator allowed during exams. Note: exam grades will not be curved.

GRADING PROCEDURE:

<u>Percentage Allocation</u>			<u>Grading Scale</u>		
Excel Assignment (@15/1.5%)	8x	120/12%	A = 93 – 100%	A- = 90 – 92.9%	
Stock-Trak Project	1x	120/12%	B+ = 87 – 89.9%	B = 83 – 86.9%	B- = 80 – 82.9
Connect Problem Sets (@16/1.6%)	10x	160/16%	C+ = 77 – 79.9%	C = 73 – 76.9%	C- = 70 – 72.9
Term Exams (@120/12%)	5x	600/60%	D+ = 67 – 69.9%	D = 60 – 66.9%	
Total		1,000/100%	F = 59% & Below		

COURSE CONTENT/SCHEDULE: (subject to change depending on the actual progress in class.)

<u>Week</u>	<u>Date</u>	<u>Chapter</u>	<u>Subject</u>
1	2/6–2/10		Introduction
		1	Investments: Background and Issues
2	2/13–2/17	2	Asset Classes and Financial Instruments
3	2/20–2/24	3	Securities Markets
4	2/27–3/2	4	Mutual Funds and Other Investment Companies
			Exam 1 (Chapters 1, 2, 3, 4)
5	3/5–3/9	5	Risk and Return: Past and Prologue
6	3/12–3/16	6	Efficient Diversification
			Exam 2 (Chapters 5, 6)
7	3/19–3/23	7	Capital Asset Pricing and Arbitrage Pricing Theory
8	3/26–3/30	8	The Efficient Market Hypothesis
9	4/10–4/13	9	Behavioral Finance and Technical Analysis
			Exam 3 (Chapters 7, 8, 9)
10	4/16–4/20	12	Macroeconomic and Industry Analysis
		13	Equity Valuation
11	4/23–4/27	14	Financial Statement Analysis
		18	Portfolio Performance Evaluation
12	4/30–5/4		Exam 4 (Chapters 12, 13, 14, 18)
		10	Bond Prices and Yields
13	5/7–5/11	11	Managing Bond Portfolios
14	5/14–5/16	15	Option Markets
15	5/18 (10:30 - 12:30)		Final Exam (10, 11, 15)

ACADEMIC HONESTY AND DISCIPLINE:

University students are expected to conduct themselves according to the highest standards of academic honesty. Academic misconduct for which a student is subject to penalty includes all forms of cheating, such as illicit possession of examinations or examination materials, forgery or plagiarism. Disciplinary action will be taken for academic misconduct.

CLASS CONDUCT:

Gustavus Adolphus College is an institution of academic excellence. Accordingly, please note that you should extend a certain level of respect and courtesy toward your fellow students and instructor. The discussion in class can be intense, but it must be appropriate. Comments that are demeaning, hurtful, or offensive are unacceptable and will be met with strong disapproval and decisive action in accordance with the GAC Student Code of Conduct.

DISABILITY SERVICES:

“Gustavus Adolphus College is committed to ensuring the full participation of all students in its programs. If you have a documented disability (or you think you may have a disability of any nature) and, as a result, need reasonable academic accommodation to participate in class, take tests or benefit from the College’s services, then you should speak with the Disability Services Coordinator, for a confidential discussion of your needs and appropriate plans. Course requirements cannot be waived, but reasonable accommodations may be provided based on disability documentation and course outcomes. Accommodations cannot be made retroactively; therefore, to maximize your academic success at Gustavus, please contact Disability Services as early as possible. Disability Services (<https://gustavus.edu/advising/disability/>) is located in the Advising and Counseling Center.”

Disability Services Coordinator Laurie Bickett (lbickett@gustavus.edu or x6286) can provide further information.

DISCLAIMER:

Information contained in this syllabus was, to the best knowledge of the instructor, considered correct and complete when distributed for use at the beginning of the semester. However, this syllabus should not be considered a contract between Gustavus Adolphus College and any student. The instructor reserves the right, acting within the policies and procedures of GAC, to make changes in course content or instructional technique without notices or obligation.