

INVESTMENTS

Course Syllabus

Instructor:	Li Sun	Semester:	Fall 2015
Office:	Beck Hall 157	Course Section:	E/M-371
Office Hours:	MTWTF 2:30 pm-4:00 pm; or by appointment	Class Hours:	MTWTF 12:30 pm-1:20 pm
Phone:	507.933.7011	Location:	Beck Hall 311
E-mail:	lsun@gustavus.edu	Instruction Method:	Lecture/discussion

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-270 and Statistics.

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 mechanisms, 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 & RESOURCES:

1. Essentials of Investments with Connect Plus, (9th edition) by Zvi Bodie, Alex Kane, and Alan Marcus. Loose Leaf version is available in the bookstore
2. Texas Instruments BAII Plus.
3. The Wall Street Journal (recommended, available through Gustavus Library)

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. I will use one in the class and explain how to work various problems with it, so you can follow lectures most easily if you use a TI-BAII Plus. Students should not share calculators during exams.

MOODLE CLASS WEBSITE:

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

COURSE REQUIREMENTS:

The final grade will be determined on the basis of examination grades, performance of assignments/projects, and class attendance and participation. Students are expected to turn in assignments and take exams according to the schedule. No make-up exam will be given without an official proof being turned in to the instructor prior to the exams. 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 randomly check attendance and reserve the right to lower your course grade by half a letter grade if you have 5 or more absences.

Quizzes

Upon completion of one or two chapters, a quiz will be administered in class using the TurningPoint Clicker System. Each quiz will consist of approximately 5-10 multiple questions on PowerPoint slides. Quiz scores are counted as bonus points towards the final grade. Maximum Bonus points: 50 points.

Group Excel Assignments (15%)

In the beginning of the class, students should form a study group with two-four members. Write down or email your group and members' names to me no later than September 13. If you have difficulty finding group mates, email me before September 13 and I will assign a group to you. Each group is required to complete the assigned MS Excel problem and the Stock-Trak Project. Completed group assignments are to be turned in to the specified folder on Moodle before 11:59 pm on the due date. The 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 (20%)

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 the online registration process.

The link to the website is <http://connect.mheducation.com/class/l-sun-em371-001>.

Problems will be assigned upon completion of one or two chapters. Homework that is assigned for credit will have to be submitted through Connect Finance before 11:59 pm on the due date.

Homework submitted late will result in a 10% deduction of the grade for each hour late. The solutions to assignments will be available in Connect Finance after submission of the homework assignment.

Stock-Trak Project (15%)

Students will participate in a group-based investment simulation project with an initial wealth of \$1,000,000 over a 10-week trading period from Sep. 28 to Dec.4. The trading platform 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. An investment statement should be submitted at the beginning of the project. A comprehensive written report, and an 8-minute presentation are required at the end of the project for each group. Details on the project will be posted on Moodle. Performance will be ranked at the end of the trading period. Winning groups will receive bonus points.

Examinations (50%)

Three 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. A financial calculator is allowed during the exams. Final Exam will be on Dec 21, 3:30 pm -5:30 pm. No make-up will be available for the final exam.

GRADING PROCEDURE:

Points Allocation			Grading Scale		
Homework Assignments	10x	20 points each	A+ = 96 - 100%	A = 93 - 95%	A- = 90 - 92%
Excel Assignments	5x	30 points each	C+ = 77 - 79%	C = 73 - 76%	C- = 70 - 72%
Term Exam	3x	120 points each	D+ = 67 - 69%	D = 60 - 66%	F = 59% or below
Final Exam	1x	140 points			
Stock-Trak Project	1x	150 points			
Total		1,000 points			

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	9/8 - 9/11	1	Investments: Background and Issues
2	9/14-9/18	2&3	Asset Classes and Financial Instruments & Securities Markets
3	9/21-9/25	3&4	Securities Markets & Mutual Funds
4	9/28-10/2	4	Other Investment Companies Exam 1 (Chapters 1-4)
5	10/5-10/9	5&6	Risk and Return: Past and Prologue & Efficient Diversification
6	10/12-10/16	6&7	Capital Asset Pricing and Arbitrage Pricing Theory
7	10/19-10/23	8	The Efficient Market Hypothesis Exam 2 (Chapters 5-8)
8	10/28-10/30	12	Macroeconomic and Industry Analysis
9	11/2-11/6	13	Equity Valuation
10	11/9-11/13	14	Financial Statement Analysis
11	11/16-11/20	18	Portfolio Performance Evaluation
12	11/23-11/24		Exam 3 (Chapter 12-14 and 18)
13	11/30-12/4	10&11	Bond Prices, Yields & Bond Portfolio Management
14	12/7-12/11	15	Option Markets & Presentation
15	12/14-12/15		Presentation & Review
16	12/21 (3:30 pm – 5:30pm)		Final Exam (Chapter 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. Students are expected to act with courtesy and respect to the instructor and classmates. 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 is, 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.