

# SEATTLE UNIVERSITY - Albers School of Business and Economics

## Course Syllabus: FINC 3440-01, Spring 2018

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Course: Investments  
Term: Spring Quarter 2018  
Class time: Tuesdays and Thursdays: 8am – 9:50am  
Classroom: Pigott 100  
Instructor: Jim Huie  
Office hours: Tuesdays and Thursdays: 10am – 11:30am (or by appointment)  
Office location: Pigott 5<sup>th</sup> Adjunct Faculty Offices (old lounge)  
E-mail: jim\_huie@hotmail.com  
Course website: <https://seattleu.instructure.com/courses/1577183>

### OBJECTIVES:

- Introduce a general overview of capital markets and traditional financial instruments (e.g., stocks, bonds, options, mutual funds and exchange traded funds)
- Develop students' understanding of modern investment theories by providing exposure to both theory and empirical evidence with emphasis in their economic rationales (i.e., risk and return relationship) and behavioral aspects of investment decision-making
- Introduce valuation techniques for major traditional asset classes: stocks and bonds
- Introduce options and basic option strategies

### PREREQUISITES

- FINC 3400. All students must have completed this course and its prerequisites (e.g. Business Calculus) before taking this class and are expected to be proficient with the basic math techniques covered in the Business Calculus class, time value of money (including different cost of capital computations), financial statements and financial ratio computations, and basic statistics including linear regression (for estimation of beta).
- Use of Calculator: Students must be proficient in using a financial calculator; only calculators with no user-programmable capabilities are allowed during all exams. If you have doubts about your calculator, check with me. I recommend students learn how to use the financial calculators approved by the CFA Institute for use in the CFA exams: Texas Instruments BA Plus II or Hewlett Packard 12C.

### COURSE FORMAT

- Combination of lecture, discussion, problem solving and examinations
- Regular attendance and active class participation is required
- You are expected to have read the materials assigned for each class and come prepared for discussion

### CLASSROOM ETIQUETTE:

- Students are expected to attend class and arrive on time
- Students are expected to remain in the classroom and stay engaged
- Mobile phones and other devices should be silenced during class

### REQUIRED COURSE MATERIALS

1. *Essentials of Investments*, Zvi Bodie, Alex Kane & Alan J. Marcus; McGraw-Hill/Irwin, 10<sup>th</sup> edition.
2. Class materials including MS-Powerpoint notes posted on Canvas.
3. Handouts distributed in class.
4. Business/Financial calculator. (Texas Instruments BA-II Plus calculator is recommended, but others are acceptable.)
5. Microsoft-Excel spreadsheet software
6. Regular access to e-mail and the course website

### RECOMMENDED READINGS

Regular outside readings will enhance your understanding of the subject, and it is highly recommended. Students are encouraged to read the following regularly:

- Newspapers: The Wall Street Journal, The Financial Times
- Journals: Financial Analysts Journal, Journal of Alternative Investments, Journal of Investing, Journal of Wealth Management, Journal of Portfolio Management
- Magazines: Fortune, Forbes, Institutional Investors, The Economist, Euromoney, Asia Money

### REQUIREMENTS

- (a) EXAMS. There will be two in-class, closed-book exams: a mid-term and a final. The exams will be in the form of concept questions and numerical problems. The typical mix is 25%/75% and may vary by no more than 10%. The level of difficulty of the computational problems is similar to those of the end-of chapter problems and problem sets.

- (b) QUIZES. There will be two in-class, closed-book quizzes.
- (c) ASSIGNMENTS. There are two types of assignments: assigned end-of-chapter problems and problem sets.
  - Assigned end-of chapter problems are those that students prepare before class and be ready to present and discuss the solutions in class when asked. Satisfactory response will count towards your course participation. They will NOT be collected. Solutions to end-of-chapter problems will be posted on Canvas after discussion in class.
  - Two problem sets will be collected and graded; one is due before the mid-term, and one before the final exam. Late submission, defined as turning in 30 minutes after the deadline will not be accepted. There is no make-up of any kind for missed assignments. All computations must be shown clearly for full credit; typed submissions are preferred but legible, handwritten submissions are acceptable. (If you submit an MS-Excel file, please ensure that the file is formatted for ready printing (i.e., formatted to fit the letter size paper).
  - Grading Criteria for Problem Sets: Problem set grade depends on effort and accuracy/correctness of the answers. I may grade all/part/none of the problems. For the problems that are not graded, you will receive full credit if you have attempted them completely. For the graded problems, the grade is based on accuracy. For example, if question 1 was selected for grading and if you missed doing that question, you would receive a zero score. If you attempted the question but you were not all correct in your answer, say only 80% of your answer was correct for that question, you will receive a score of 80% of the assigned points for the question.

### **COURSE PARTICIPATION**

Classroom participation is strongly encouraged. Asking questions in class will stimulate your thinking. Offering your opinion voluntarily in class may enrich the discussion by giving a different perspective to the class to consider.

- Attendance Policy  
Regular class attendance is expected during the term. Regular class attendance is defined as attending at least 8 of the scheduled 9 lectures. Leaving early from any class or coming in 30 minutes late will count as absence for half a class. Irregular class attendance will automatically reduce your course participation score by up to 5 points towards the final grade.
- Grading Criteria for Course Participation
  - 90% or more: Extremely well-prepared for almost all assignments, as indicated by in-class discussions. Extremely involved in almost all class discussions. Significantly helped create an exciting class discussion on a regular basis without detracting the class from the topics being discussed. Regularly provided insights regarding relevant outside reading material. Often talked with professor outside of class regarding course material. Regular class attendance.
  - 80% or more: Well-prepared for almost all assignments, as indicated by in-class discussions. Involved in almost all class discussions. Helped create an exciting class discussion on a regular basis without detracting the class from the topics being discussed. Occasionally, provided relevant outside reading material with some comments. Occasionally, talked with professor outside of class regarding course material. Regular class attendance.
  - 65% or more: Occasionally well-prepared for assignments, as indicated by in-class discussions. Occasionally got involved in class discussions. Did not detract from creating an exciting class discussion. Did not distract the class and the instructor by any means including the use of any electronic gadgets. Provided some relevant outside reading material. Once talked with professor outside of class regarding course material. Regular class attendance.

### **GRADE DETERMINATION**

Your grade will be based on examination results, problem sets and class participation. The weights are as follows:

- Quizzes 10%
- Midterm 25%
- Final 35%
- Problem Sets 20%
- Class participation 10% (includes attendance, in-class contributions)

As noted above, class participation will account for 10% of your course grade. Students may obtain full participation credit by following classroom etiquette rules. Missing class, arriving late and/or leaving early will adversely affect participation credit. Special circumstances and emergencies are taken into consideration and should be arranged in advance as situations may allow.

At the end of the course, a letter grade will be assigned (based on points earned as a percent of total points) in general accordance with these guidelines:

95 - 100	A	77 - 79.99	C+
90 - 94.99	A-	74 - 76.99	C
87 - 89.99	B+	67 - 73.99	C-
84 - 86.99	B	60 - 66.99	D
80 - 83.99	B-	< 59.99	F

### **ACADEMIC HONESTY POLICY**

Seattle University is committed to the principle that academic honesty and integrity are important values in the educational

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process. Academic dishonesty in any form is a serious offense against the academic community. Acts of academic dishonesty will be addressed according to the Seattle University Academic Honesty Policy. The policy can be found at: [http://www.seattleu.edu/regis/Policies/Policy\\_2004-01.htm](http://www.seattleu.edu/regis/Policies/Policy_2004-01.htm). If you are not sure whether a particular action is acceptable according to the Academic Honesty Policy, you should check with me before proceeding.

**MAKE-UP EXAM POLICY**

No make-up exams will be given without legitimate excuses and proof. If the legitimate excuses are foreseeable, they must be submitted prior to the scheduled exam. If they are unanticipated such as medical emergencies or death of family member, you should be able to produce documentation if asked. Make-up exams are usually given before the scheduled exam time, more difficult, and graded on an absolute scale. If scheduling a make-up exam is not feasible, the instructor has the discretion to redistribute the weights to the unfinished assignments but no retroactive redistribution to the completed assignments.

**DISABILITIES POLICY**

If you have, or think you may have, a disability (including an 'invisible disability' such as a learning disability, a chronic health problem, or a mental health condition) that interferes with your performance as a student in this class, you are encouraged to arrange support services and/or accommodations through Disabilities Services staff in the Learning Center, Loyola 100, (206) 296-5740. Disability based adjustments to course expectations can be arranged only through this process.

**ELECTRONIC GADGETS POLICY**

The use of laptops, iPads, netbooks, PDAs, blackberrys, cellphones, or other handheld electronic gadgets is not allowed in class. Violations will be penalized by the deduction of course participation score toward the course grade.

**LECTURE RECORDING POLICY**

For protection of proprietary knowledge and for a variety of other reasons, audio and videotaping of any class session is strictly prohibited without prior approval of the instructor. Under extreme circumstances or for a pre-approved class absence, audio taping a class session will be allowed on a case-by-case basis and with the express permission of the instructor. The student will be responsible for making all necessary arrangements. Students will need to adhere to the appropriate agreed upon use of the content material of these audio/video tapes.

**TENTATIVE SCHEDULE**

Below is an outline of the course schedule with the various topics, readings, and assignments. This is a good guide to how the course will progress. However, changes may be announced as necessary, so please pay attention in class and on Canvas for announcements and adjustments.

Week	Date	Topics	Assignments	Textbook Reading
1	Apr 3, 5	- Introduction, Course Overview - Investment Environment	Chapter 1: 9, 12, 16, 20, 21	Chapter 1
2	Apr 10, 12	- Asset Classes & Financial Instruments	Chapter 2: Problems 13, 15, 17, 19, 20, 32 University Mission Day (April 12, no class)	Chapter 2
3	Apr 17, 19	- Securities Markets	Chapter 3: Problems 12, 15, 16, 17, 20; CFA 1	Chapter 3
4	Apr 24, 26	- Quiz #1 (April 24) - Mutual Funds and Other Investment Companies	Chapter 4: Problems 11, 12, 13, 14, 24	Chapter 4
5	May 1, 3	- Risk & Return - Problem Set #1 Due in Class (May 3)	Chapter 5: Problems: 5, 7, 9, 11, 12; CFA 1	Chapter 5
6	May 8, 10	- Mid-Term Exam (May 8) - Portfolio Theory (I): Efficient Diversification	Chapter 6: Problems: 3, 4, 6, 12, 13, 14, 15; CFA 1, 3	Chapter 6
7	May 15, 17	- Portfolio Theory (I): Efficient Diversification (cont'd) - Portfolio Theory (II): CAPM	Chapter 7: Problems 4, 5, 6, 13, 14, 15; CFA 1, 7, 8	Chapter 7
8	May 22, 24	- Efficient Market Hypothesis - Behavioral Finance - Quiz #2 (May 24)	Chapter 8: Problems 12, 13, 17; CFA 4, 5, 6 Chapter 9: Problems 6, 7, 8	Chapter 8 Chapter 9
9	May 29, 31	- Equity Valuation	Chapter 13: Problems 4, 6, 7, 9, 15, 19, 24; CFA 4	Chapter 13
10	Jun 5, 7	- Bond Prices and Yields - Problem Set #2 (due in class, June 5) - Options Markets	Chapter 10: Problems 9, 12, 32 Chapter 15: Problems 4, 5, 6, 8; Chapter 2: Problems 26, 27	Chapter 10 Chapter 15
11	Jun 13	- <b>Final Exam (8am - 9:50am)</b>		