FINANCE 3440-01: Investments
SYLLABUS AND SCHEDULE | Spring Quarter 2015

Course information
Course code: FINC 3440-01
# credits: 5
Location: Pigott 101
Class times: TTh 1:30–3:35

Instructor information
Instructor: Quentin Dupont, S.J.
Phone: (206) 296 2357
Email: dupontq@seattleu.edu
Office: Pigott 402
Office hours: TTh 10:30-11:30 & by appointment

Course description and learning objectives

This course introduces you to the basics of investments:
(1) The variety of financial assets, markets and intermediaries;
(2) The methods to value the main types of financial assets.
(3) The theory that underlies financial investing;
This course is designed as an overview of investment theory and dynamics in investments, and a reflection on the causes and lessons of the 2007-2009 financial crisis. It is not a course to help you make quick money in your own investments.

Learning objectives

Upon successful completion of this course, you will be able to:
1. Illustrate the dynamics of financial markets and the main types of financial instruments.
2. Apply valuation techniques for stocks and bonds, explain the basics of option valuation and evaluate your results in the context of a financial advising situation.
3. Explain the risk-return tradeoff in investing and the benefits of portfolio diversification.

Your learning is my primary concern in this course, so I may modify the schedule if, for instance, we discover we need to spend time on a certain topic and less on another.

How to contact me outside of class

The best way to contact me outside of class is by email using my seattleu.edu address (not Canvas). I will check my email regularly. You can email me at any time, but you may not receive a response outside regular business hours. Generally, emails received before 12 p.m. will receive a response before 5 p.m., and emails received after 12 p.m. may receive a response on the following business day. Business days are Monday–Friday, except for holidays.
### Evaluation: Overview of assignments

<table>
<thead>
<tr>
<th>ASSIGNMENT</th>
<th>RELEVANT LEARNING OUTCOMES</th>
<th>RELATIVE VALUE</th>
<th>DUE DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Homework</td>
<td>1 through 4</td>
<td>10%</td>
<td>Weekly (usually)</td>
</tr>
<tr>
<td>2. Quizzes &amp; Squawk Box Workshops</td>
<td>1 through 4</td>
<td>20%</td>
<td>Check Syllabus</td>
</tr>
<tr>
<td>3. Midterm Exam</td>
<td>1 and 2</td>
<td>20%</td>
<td>May 5</td>
</tr>
<tr>
<td>4. Group Project</td>
<td>1, 2, 3, 4</td>
<td>15%</td>
<td>June 5</td>
</tr>
<tr>
<td>5. Final Exam</td>
<td>1, 2, 3, 4</td>
<td>25%</td>
<td>June 9</td>
</tr>
<tr>
<td>6. Professionalism and Participation</td>
<td>1, 2, 3, 4</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>

### Required readings and materials


2. Financial and Business News, for example from *The Wall Street Journal*. It is good to get used to reading financial news everyday. This will help you better understand what we are doing in class. “The Journal” will also be helpful for the Squawk Box Workshops and for your group project. You can read it at the library and get articles via the library website. If you want your own copy, you can get a preferential student price at [http://student.wsj.com](http://student.wsj.com). You can also check the Business section of *The New York Times, The Washington Post, The Seattle Times*, or read *The Economist*.

3. A financial calculator, such as the Hewlett Packard 10 B II or the Texas Instrument BA II Plus.

### Recommended resources for additional exploration

- Burton Malkiel: *A Random Walk Down Wall Street* (any recent edition is fine). This book is a classic of modern investment theory.


### Academic resources

My goal is to create a learning environment in which you can be successful. I will work hard to create and improve the learning environment throughout the quarter based on my own observations of the course and your feedback on what would help you learn more. In return, I ask and encourage you to make the most of this learning opportunity. Please take advantage of the academic support services available to you at the university. Even if you have had excellent study skills in the past, it is easy to slip into suboptimal habits and these services can help you excel in your studies.
Library and Learning Commons [http://www.seattleu.edu/learningcommons/](http://www.seattleu.edu/learningcommons/)

**Writing Center**

The Writing Center employs undergraduate writing consultants who assist students at all stages of the writing process. Consultants will help students begin writing tasks, organize and develop first drafts, and revise and edit later drafts.

**Learning Assistance Programs**

Learning Assistance Programs provide peer tutoring, facilitated study groups, and learning strategy development through scheduled workshops and individual meetings with a learning specialist.

**Research Services**

Need help finding research? Save time by starting with your Research Services Librarians. We are eager to help you at any stage of the research process. Contact us if you need help brainstorming keywords, using our databases, finding articles and books or sorting through the information you find on the internet. Students can receive help in person, by chat, phone, or email, or by scheduling a research consultation.

**Math Lab**

The Math Lab is a drop-in service available to students enrolled in lower division mathematics courses. Students can stop by the lab to work with a tutor who will assist them with their particular mathematics assignments.

**Academic integrity tutorial** [https://www.seattleu.edu/academicintegrity/](https://www.seattleu.edu/academicintegrity/)

**General course and university policies**

**Support for students with disabilities**

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 located in Loyola 100, (206) 296-5740. Disability-based adjustments to course expectations can be arranged only through this process.

**Professionalism and Participation: Classroom Behavior**

Everyone is expected to behave professionally. This includes:

- Attend class
- Start and end on time
- Come to class prepared
- Not distracting people in the classroom:
• Not coming in and out of the classroom as class unfolds
• Not eating in class
• Not using technology unless you have special permission from the instructor

- Ask question to the instructor (rather than your neighbor) when you are confused or need help understanding a topic
- Raise one’s hand to speak; speak one person at a time
- Participate actively in discussion
- Show one another courtesy, including when we disagree
- Come to office hours as needed, with prepared questions

Failure follow these policies will be addressed with me. If you do not follow these procedures after you are made aware of my concern in this regard, this will affect your grade negatively.

Professionalism & Participation (P & P) points are given as follows and at random during classes:
3 meaningful contributions to class by connecting comments, asking questions, or offering explanations
2 attentive and prepared but did not meaningfully contribute to class
1 adequate notification of absence or lateness AND homework and workshop material hand in on time
0 inadequate notification of absence or lateness, inattentive, discourteous and/or disruptive of others
Other P&P points may be granted for demonstrated positive P&P.

If you find it difficult to participate in the context of the class, consider sharing your insights with me during office hours or by email.

**Missed classes and exams**
If, for a justified reason (e.g. doctor’s appointment), you foresee arriving late or missing class, you must contact me before class. You will need to show documentation (e.g. doctor’s note) in order for me to consider your absence as justified.

If for any reason you do miss a class, be sure to obtain notes from one of your peers to catch up. If, after going over those notes and checking the readings for the class, you still have questions, please arrange to meet me during office hours to discuss. Remember to bring those notes with you so that we can work on your specific, focused questions.

I do not offer make-up exam or quizzes, unless there are exceptional extenuating situations (e.g. life-threatening situation, loss of a close relative, etc.). If you miss an exam or a quiz without an excused absence, you will receive a zero. If your absence is justified and excused by me, your result at the following exam or quiz will be carried on to the exam or quiz you missed, respectively. Since the final is our last exam, failure to take the final results in a 0.

Homework is a way to get you comfortable with the material and to see how you are doing with the class at a given point in time. In order to assess the overall class proficiency with a topic and to be fair with all students, homework must be handed in on time by all students in the class. Therefore, late homework will not be accepted.
Cell phones, laptops, and recording devices

So that we can all stay focused and get the most from our time in class, all cell phones – including my own – must be turned off except by prior agreement. (For instance, if you’re the primary caregiver for someone, a relative or close friend of someone who’s critically ill in hospital, or an expectant birth partner, please let me know so that we can make a suitable arrangement.)

The use of laptops, other mobile device, or recording device in class is not permitted except for particular reasons. You must check with me for permission in advance. There are very few instances where I will agree (such as an accommodation through Disability Services), and there are good reasons for this:

• Good note-taking skills are vital for you in your future careers: You can’t always rely on technology being available, can’t expect to be given prepared summaries or notes, nor can you afford the time to write everything long-hand. It’s important that when you graduate, you have some good note-taking techniques and can differentiate essential facts from background information during a discussion. We will also discuss this in class.

• Using laptops can be a distraction, both for other students and for the instructor. The temptation to attempt to “multi-task” using technology in class can also be enormous, but to do so would be extremely discourteous to the entire class, and would be a waste of your own learning opportunity.

• Recording devices can make individuals feel less free to express themselves and can therefore constrain discussion.

Please be respectful of other students’ time and commitment to their studies by not breaching this policy so that we don’t end up in the embarrassing position of having to ask you to leave the class. If your phone does accidentally go off, I expect you to turn it off immediately, and not to answer the call.

Academic policies on the Registrar website

https://www.seattleu.edu/registrar/academics/performance/

Be sure that you understand the following university academic policies, posted on the Registrar’s website:

Academic integrity policy

Academic Grading Grievance Policy (Note: If you ask for a review of grades, the assignment will be reassessed in its entirety, not only the part with which you have a question).
Grading procedures and policies

Grading scale

<table>
<thead>
<tr>
<th>Grade</th>
<th>Range</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>A</td>
<td>100–94</td>
<td>Superior</td>
</tr>
<tr>
<td>A−</td>
<td>93–90</td>
<td></td>
</tr>
<tr>
<td>A+</td>
<td>90–89</td>
<td></td>
</tr>
<tr>
<td>B+</td>
<td>89–87</td>
<td>Good</td>
</tr>
<tr>
<td>B</td>
<td>86–83</td>
<td></td>
</tr>
<tr>
<td>B−</td>
<td>82–80</td>
<td></td>
</tr>
<tr>
<td>C+</td>
<td>79–77</td>
<td>Adequate</td>
</tr>
<tr>
<td>C</td>
<td>76–73</td>
<td></td>
</tr>
<tr>
<td>C−</td>
<td>72–70</td>
<td></td>
</tr>
<tr>
<td>D+</td>
<td>69–67</td>
<td>Poor</td>
</tr>
<tr>
<td>D</td>
<td>66–63</td>
<td></td>
</tr>
<tr>
<td>D−</td>
<td>62–60</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>59 or less</td>
<td>Failing</td>
</tr>
</tbody>
</table>

Note: Be sure to comply with the classroom norms and attendance policies so that you do not negatively affect your overall grade for the course.

Attendance and participation expectations

Numerous research studies have shown that when students actively ask and answer questions, they take greater interest in the material, they clarify shared misconceptions, and they retain more information. I would like to see all of you actively participating in the learning process during discussion, interactive micro-lectures, and small-group work. At a minimum, active participation requires regular and attentive class attendance. I may not take formal daily attendance, but if you are regularly absent or if you regularly appear to be inattentive in class, it will concern me so I will contact you. If attendance or attentiveness become a continuing problem, then please note: research studies indicate that this will negatively affect your grade.

Submitting your assignments

Assignments will be posted on Canvas along with instructions. This will tell you how you need to complete the assignment: via Canvas or the Connect Finance site for our class, or if you need to hand in a sheet of paper (typed or in your own hand). Homework assignments submitted on Canvas or Connect are due 2 hours before class.

Pay attention to instructions. Ask clarifying questions early enough to have time to complete the assignment.

Provisional schedule and readings

Note: The schedule below is subject to change.

“BKM” is *Essential of Investments*, 9th Edition, by Bodie, Kane, Marcus (McGraw-Hill Irwin)

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday 3/31</td>
<td>Course Introduction</td>
<td></td>
</tr>
<tr>
<td>Thursday 4/2</td>
<td>Financial Bubbles: An “Inside Job”?</td>
<td>Read BKM Chapter 1 – Pay special attention to pages 15-22</td>
</tr>
<tr>
<td></td>
<td><em>In Class Project</em></td>
<td><em>HW 1 “Financial Crisis Analysis”</em></td>
</tr>
<tr>
<td>Tuesday 4/7</td>
<td>Game Changer: the Financial Crisis of 2008</td>
<td>Bring in HW 2: Inside Job Assignment</td>
</tr>
<tr>
<td></td>
<td>Be ready to discuss the financial crisis</td>
<td></td>
</tr>
<tr>
<td>Thursday 4/9</td>
<td>Asset Classes</td>
<td>Read BKM (1) Chapter 2; then (2) pages 486-491 (Stop at Section 15.2 “Values of Options at Expiration”)</td>
</tr>
<tr>
<td>Date</td>
<td>Topic</td>
<td>Reading/Activities</td>
</tr>
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<td>------------</td>
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<td>-------------------------------------------------------------------------------------</td>
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</tbody>
</table>
| Tuesday 4/14 | Securities Markets<br/>
*Squawk Box Workshop 1* | Read BKM Chapters 3 and 4<br/>
**HW 3 Due**<br/>
Bring 2 recent news articles that relate to a particular financial instruments or markets |
| Thursday 4/16 | Quiz 1: Learning Goal 1<br/>
Risk and Return | Read BKM Chapter 5<br/>
Hand in Names for Groups |
| Tuesday 4/21 | Asset Valuation I: Fixed Income | Read BKM Chapter 10<br/>
**HW 4 Due** |
| Thursday 4/23 | Asset Valuation II: Equity | Read BKM Chapter 13<br/>
Group Project Strategy and Stocks Due |
| Tuesday 4/28 | Quiz 2: Learning Goal 2<br/>
Asset Valuation III: Derivatives | Read BKM pages 491-505 & 523-543<br/>
**HW 5 Due** |
| Thursday 4/30 | Investment Decision-Making<br/>
*Squawk Box Workshop 2* | Review for Midterm<br/>
Bring 2 recent news articles that relate to asset valuation |
| Tuesday 5/5 | Midterm Exam | Read BKM pages 148-160 |
| Thursday 5/7 | Portfolio Theory I | Read BKM pages 148-160 |
| Tuesday 5/12 | Portfolio Theory II | Read BKM pages 161-170<br/>
**HW 6A Due** |
| Thursday 5/14 | Portfolio Theory III<br/>
Quiz 3: Learning Goal 3 | Read BKM pages 170-181<br/>
Group Project Progress Report<br/>
**HW 6B Due Friday 5/15** |
| Tuesday 5/19 | The Capital Asset Pricing Model<br/>
(CAPM) | Read BKM pages 193-211<br/>
**HW 7 Due** |
| Thursday 5/21 | Multi-factor CAPM & Arbitrage Pricing Theory (APT)<br/>
*Squawk-Box Workshop 3* | Read BKM pages 211-222<br/>
Bring 2 recent news articles that relate to portfolio management |
| Tuesday 5/26 | Portfolio Performance Evaluation | Read BKM Chapter 18<br/>
**HW 8 Due** |
| Thursday 5/28 | EMH | Read BKM Chapter 8 |
| Tuesday 6/2 | Behavioral Finance<br/>
*Squawk Box Workshop 4* | Read BKM Chapter 9<br/>
**HW 9 Due**<br/>
Bring 2 recent news articles that deals with EMH (or a competing view) |
| Thursday 6/4 | Quiz 4: Learning Goal 4<br/>
Financial Crisis: Conclusions<br/>
Course Wrap Up | Read FCIC Conclusions (Canvas)<br/>
**HW 10 for folks who missed HW 1**<br/>
Bring questions for wrap up/review |
| Thursday 6/11 | Final Exam 12:00PM – 1:50PM | |

*Page 7 of 7*