

Albers School of Business and Economics

FINC 5100 – Investments

Fall Quarter – 2019

Monday, 6:00 – 8:40 pm

Pigott 308

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Course Website: <https://seattleu.instructure.com/courses/1587074>

Course Objectives:

- 1) To introduce a general overview of capital markets and traditional financial investments (common stocks, bonds, mutual funds, hedge funds, exchange funds and derivatives).
- 2) To develop students' understanding of modern investment theories by providing exposure to both theory and empirical evidence with emphasis on their economic rationales (risk and return relationship) and behavioral aspects of decision-making.
- 3) To introduce valuation techniques for major traditional asset classes (stocks and bonds) and to introduce options and basic option strategies.

Prerequisites

ACCT 5030, ECON 5000, ECON 5107 and FINC 5000

All students must have completed the above courses and their prerequisites and are expected to be proficient with the basic math techniques covered in Business Calculus: 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).

Calculator

Students must use a non-user programmable financial calculator. I recommend either Texas Instruments BA Plus II or Hewlett Packard 12C. These are the calculators permitted for use during the CFA exams.

Academic Integrity

Students are expected to observe the University Academic Honesty Policy at all times. Any individual work you turn in must reflect your own work product and effort. The use of material from others is strictly prohibited.

Office Hours and Communication

Since I am not a regular SU faculty member, I will not usually be on campus except during class time. You can contact me through my Seattle University email address. I will be available by appointment to meet outside of class.

Text and Required Readings

Students have the option of purchasing the hard copy of the Bodie, Kane textbook or using the digital copy that comes with the Connect website. Access to Connect will be required so if you buy the hard copy, you will need to subscribe to Connect, which will be an additional cost. The subscription to the Connect website is \$130. My understanding is that the price of the textbook is around \$280.

Within the Connect website is a feature called LearnSmart. This feature allows you to read each chapter of the book and answer some practice questions that will help you assess your understanding of the material. These questions will not be graded or turned in but can be helpful for understanding and absorbing the material.

Investments, Bodie, Kane and Marcus; McGraw Hill, 11th edition.

Connect website: <https://connect.mheducation.com/class/j-snare-finc-5100---fall-2019>

Canvas Course website: <https://seattleu.instructure.com/courses/1587074>

Suggested Readings: Wall Street Journal
Forbes
Fortune
Bloomberg Business Week

Useful Websites: Yahoo Finance: <https://finance.yahoo.com/>
Bloomberg: <https://www.bloomberg.com/>
CNBC: <https://www.cnbc.com/>
NASDAQ: <https://www.nasdaq.com/>
NYSE: <https://www.nyse.com/index>
Investopedia <https://www.investopedia.com/>

Assignments

Each chapter will have a quiz in the Connect website that will be required and will be graded each week. I will assign Problem Set questions for each chapter that we will review in class. These will not be graded but they will be important preparation for the Mid-Term and Final Exams. Preparation of these problems, though not graded, will be critical.

Stock Market Simulation

During the first week of the quarter, you will need to register for a stock market simulator contest at the following website: <https://www.howthemarketworks.com/register/160993>. There is also a link in the Week 1 module on Canvas.

Register and Join:

Ask them to Register to [howthemarketworks.com](https://www.howthemarketworks.com) and once they log-in, they can go to Join Contests, and look up your contest: Snare FINC 5100 Fall 19 via the search bar.

Password is: WarrenB

Over the course of the quarter, you will build a portfolio with an initial grant of \$100,000 (virtual) dollars. During week 11 of the quarter, you will submit your final portfolio along with a brief paper explaining your strategy. We will discuss this more in class.

Case Study

The case study will be a group project (groups to be assigned). The group will make a presentation and submit a paper that analyzes a particular company. The presentation and written report will be due on December 2nd. The emphasis will be to relate the various topics we discuss during the class to the financial statements and capital structure of the company. Specifically, the equity, debt, options and other financial instruments used by the company that we have studied during the class.

Exams

There will be two exams, the mid-term and the final. The final exam will not be cumulative.

Grading

Graded Item	% of Grade
Weekly Quizzes	20%
Mid-Term Exam	20%
Final Exam	20%
Case Study	20%
Stock Market Simulation Report	10%
Class Participation	10%

Grading Scale

A	100–94	Superior	B–	82–80	D+	69–67
A–	93–90		C+	79–77	D	66–63 Poor
B+	89–87		C	76–73 Adequate	D–	62–60
B	86–83	Good	C–	72–70	F	59 or less Failing

Electronic Gadgets

My understanding is that many SU instructors do not allow the use of laptops, tablets or other electronic instruments in class. I will tentatively allow the use of laptops or other electronic equipment used to take notes or look up information. However, if they become a distraction, I will reserve the right to change my policy. The use of cell phones will not be allowed in class and ringers must be silenced.

Attendance

The Fall Quarter consists of 12 weeks, but one of those weeks is Veteran’s Day (no class) and one week is the Final Exam. Since each other class is 1/10 of the entire quarter, attendance is very important. Attendance for each class is mandatory, unless you speak to me in advance and missing the class is unavoidable. All assignments and exams will still be expected to be completed on time.

General

Title IX of the Education Amendments of 1972 (Title IX) prohibits discrimination based on sex in educational programs or activities that receive Federal financial assistance. This prohibition includes sexual misconduct, which encompasses sexual harassment and sexual violence. Seattle U remains committed to providing a safe and equitable learning, living and working environment. Seattle U offers emergency, medical and other support resources, as well as assistance with safety and support measures, to community members who have experienced or been impacted by sexual misconduct.

Seattle University requires all faculty and staff to notify the University’s Title IX Coordinator if they become aware of any incident of sexual misconduct experienced by a student.

For more information, please visit <https://www.seattleu.edu/equity/>. If you have any questions or concerns, you may also directly contact the Title IX Coordinator in the Office of Institutional Equity (email: oiie@seattleu.edu; phone: 206-296-2824).

You are responsible for knowledge of any administrative announcements (test information, schedule changes, etc.) that are made in the class period (whether or not you attend) or are posted on Canvas.

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.

Notice Regarding Religious Accommodations

It is the policy of Seattle University to reasonably accommodate students who, due to the observance of religious holidays, expect to be absent or endure a significant hardship during certain days of their academic course or program. Please see, *Policy on Religious Accommodations for Students* (<https://www.seattleu.edu/media/policies/Policy-on-Religious-Accommodations-for-Students---FINAL.PDF>).

Class Calendar

Date	Topics	Chapters	Assignments
Sep 30	<ul style="list-style-type: none"> • Introduction • Investment Environment 	Chapter 1	<ul style="list-style-type: none"> • Chapter 1 Quiz • Review the following Problem Set Questions: Chp. 1: 2,3,5,6,11,14,16 and 18
Oct 7	<ul style="list-style-type: none"> • Financial Instruments • Securities Markets • Case Study Introduction 	Chapters 2-3	<ul style="list-style-type: none"> • Chapter 2-3 Quizzes • Chp. 2: 2,4,7,13,19 and CFA Questions 1-4. • Chapter 3 CFA Problem Set questions
Oct 14	<ul style="list-style-type: none"> • Investment Companies • Risk and Return 	Chapters 4-5	<ul style="list-style-type: none"> • Chapter 4 and 5 Quizzes • Chapter 4 Problem Set questions 3,4,5,9,12,14,20 & 25. • Chapter 5 Problem Set questions 1, 2, 7 and 8 and CFA Questions 1 &2.
Oct 21	No Class		Case Study Work Groups
Oct 28	<ul style="list-style-type: none"> • Intro to Portfolio Theory • Capital Asset Pricing Model 	Chapters 7 & 9	<ul style="list-style-type: none"> • Chapter 7 & 9 Quizzes • Chapter 7 Problem Set questions 11,13 and 14 and CFA Questions 4-7 and 9. • Chapter 9 Quiz • Chapter 9 Problems 1,2, 10-12 and CFA problem #4.

Nov 4	<ul style="list-style-type: none"> • Efficient Market Hypothesis 	Chapter 11	<ul style="list-style-type: none"> • Mid-Term Exam • Chapter 11 Quiz • Chapter 11 Problems: 5,7,9,18 and CFA 1-5
Nov 11	No Class – Veteran’s Day		
Nov 18	<ul style="list-style-type: none"> • Bond Valuation • Equity Valuation 	Chapter 14 Chapter 18	<ul style="list-style-type: none"> • Chapter 14 Quiz • Chapter 14 Problems: 3,5,10,21 and EIE on page 485 • Chapter 18 Quiz • Chapter 18 Problems:10, 13, 17; CFA #8 and EIE on page 633
Nov 25	<ul style="list-style-type: none"> • Options Intro 	Chapter 20 Chapter 21 pgs. 714-728	<ul style="list-style-type: none"> • Chapter 20 Quiz • Chapter 20 Problems: 1-5 and EIE on page 717. • Chapter 21 Problems 11-13
Dec 2	<ul style="list-style-type: none"> • Case Study Presentations 		Case Study Due
Dec 9	<ul style="list-style-type: none"> • Behavioral Finance • Portfolio report due 	Chapter 12	<ul style="list-style-type: none"> • Chapter 12 Quiz • Chapter 12 Problems: 2, 6-9, CFA #1
Dec 9	<ul style="list-style-type: none"> • Final Exam 	Take Home	Due by 12/13