

# SEATTLE UNIVERSITY - Albers School of Business and Economics

## Course Syllabus: FINC 5100-01, Winter 2019

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**Course:** Investments  
**Term:** Winter Quarter 2019  
**Class time:** Wednesdays: 6pm – 8:40pm  
**Classroom:** Pigott 101  
**Instructor:** Jim Huie  
**Office hours:** Wednesdays: 4:30pm – 5:15pm (or by appointment)  
**Office location:** Pigott 5<sup>th</sup> Floor Lounge  
**E-mail:** jim\_huie@hotmail.com  
**Course website:** <https://seattleu.instructure.com/courses/1582859>

### OBJECTIVES:

- Introduce a general overview of capital markets and traditional financial instruments (e.g., stocks, bonds, options, mutual funds, hedge 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

- ACCT 5030, ECON 5000, ECON 5107, and FINC 5000  
All students must have completed the above courses and their prerequisites (e.g. Business Calculus) before taking this class and are expected to be proficient with the basic math techniques covered in 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 now. I recommend students to 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. *Investments*, Zvi Bodie, Alex Kane & Alan J. Marcus; McGraw-Hill/Irwin, 11<sup>th</sup> edition.
  - Textbook website The textbook has a website which provides some online learning tools. Please log on to the website: <http://www.mhhe.com/bkm/>. Click on the cover of your textbook and then click on the online learning center.
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 the 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. The final exam is not comprehensive.
- (b) **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. They will be posted on CANVAS in due course. Problem Set #1 is due for submission online to CANVAS (under Assignment) by mid-night on October 21, 2016. Problem Set #2 is due in class (in hard copies) at 5:30 pm on November 30, 2016. 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. (For Problem set #1, if you submit an EXCEL file, please ensure that the file is formatted for ready printing (i.e., formatted to fit the letter size paper), otherwise points will be deducted).
  - 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. I often ask for questions and call for questions at the beginning of class. Asking questions in class will stimulate your thinking. I cannot promise you that I know all the answers, but I will do my best. 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:

- Midterm 25%
- Final 35%
- Problem Set #1 10%
- Problem Set #2 10%
- Class participation 20% (includes attendance, in-class contributions)

As noted above, class participation will account for 20% 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.

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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 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 the address below:

- [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 engaging in it.

### 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 of any kind, or any other handheld electronic gadgets such as blackberry and cell phones are 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.

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**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	9-Jan	- Introduction, Course Overview - Investment Environment	Chapter 1: E-Investments Exercise (EIE)	Chapter 1 Chapter 2
2	16-Jan	- Financial Instruments - Securities Markets	Chapter 2: Problems 5, 7, 11, 12, 13, 14, 17, 18; EIE Chapter 3: Problems 6, 7, 14; EIE	Chapter 3
3	23-Jan	- Securities Markets - Investment Companies	Chapter 4 Problems: 13, 21	Chapter 4
4	30-Jan	- Risk & Return - Introduction to Portfolio Theory	Chapter 5: Problems: 7, 8; CFA 1, 2; EIE Chapter 6: Problems: 4, 5	Chapter 5 (5.1 - 5.8) Chapter 6
5	6-Feb	- Introduction to Portfolio Theory	Chapter 7: CFA 4, 5, 6, 7, 9 <b>Problem Set #1 (due midnight, Friday, Feb 9)</b>	Chapter 7 (7.1-7.4) Chapter 7 (Appendix 7B)
6	13-Feb	<b>Mid-Term Exam (5:30pm - 7pm)</b>		
7	20-Feb	- Capital Asset Pricing Model - Efficient Market Hypothesis	Chapter 9: Problems 1, 2, 10, 11, 12; CFA 4, EIE Chapter 11: Problem 18	Chapter 9 (9.1-9.4) Chapter 11
8	27-Feb	- Behavioral Finance - Equity Valuation	Chapter 12: Problem 9; CFA 1 Chapter 18: Problems 10, 17; CFA 8; EIE	Chapter 12 Chapter 18
9	6-Mar	- Bond Valuation	Chapter 14: Problems 2, 5, 9, 10, 21; EIE	Chapter 14 Chapter 16 (16.1-16.3)
10	13-Mar	- Bond Valuation - Options	Chapter 16: Problems 3, 16; CFA 11 <b>Problem Set #2 (due in class, in hardcopy)</b>	Chapters 20 (20.1-20.3)
11	20-Mar	<b>Final Exam (6pm - 7:50pm)</b>		