

## *Course Syllabus*

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### **Course Information**

#### **Investment Management BA 4346**

Fall 2010

Section 501

W: 7:00-9:45 pm

SM 2.803

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### **Professor Contact Information**

Professor Kelsey D. Wei

Phone: 972-883-5978

Office Hours: T 2:30 –3:30 pm or by appointment

Office: SM 3.802

Email: eLearning

Web: eLearning

### **TA Information**

Yuqian Wang (Jessica)

Phone: 972-883-5919

Office Hours: TBA

Office: SM 3.222

Email: yxw084000@utdallas.edu

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### **Course Pre-requisites, Co-requisites, and/or Other Restrictions**

Because of the risky nature of firms' investment, most financial decisions are made under uncertainty. Therefore, significant statistical knowledge is required for this course, especially knowledge on probability distributions, mean, variance, covariance, and regression analysis. It is also very important to review present values analysis, especially concepts related to NPV, IRR, annuity and perpetuity.

Prerequisites: BA 3341, BA 3351, MATH 1326, MATH 2333 and STAT 3360

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### **Course Description**

This course is an introductory investment course that focuses on practical applications as well as analytical analyses of investment theories. It provides the basic knowledge about financial markets, valuation of investment tools, and different investment strategies. Those students who want to start a career as investment professionals or who want to improve their decision-making as individual investors will find this course very useful. The major topics include financial markets and instruments, portfolio theory, valuation of equity and fixed-income securities, options and futures.

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### **Student Learning Objectives/Outcomes**

- Students will understand the characteristics of different financial assets such as money market instruments, bonds, and stocks, and how to buy and sell these assets in financial markets.
- Students will understand the benefit of diversification of holding a portfolio of assets,

- and the importance played by the market portfolio.
- Students will know how to apply different valuation models to evaluate fixed income securities, stocks, and how to use different derivative securities to manage their investment risks.

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### Required Textbooks and Materials

*Essentials of Investments*, 8<sup>th</sup> edition, by Bodie, Kane, and Marcus, Irwin McGraw-Hill, 2009.

You need a financial calculator for this course. You may use any model of your choice. But it's your own responsibility to learn the functions of your financial calculator.

### Suggested Course Materials

It is **strongly recommended** that you read *Wall Street Journal* on a regular basis. Articles and figures from Wall Street Journal and other supplemental sources will frequently be referenced in class and may be tested in exams.

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### Assignments & Academic Calendar

Date	Class	Topic and Reading	Assignments
Aug 25	1	Course Introduction Asset Classes and Financial Instruments Readings: Chapter 2, WSJ	<b>HW for Chapters 2 and 5 assigned</b>
Sep 1	2	Risk and Returns: Past and prologue Readings: Chapter 5	
Sep 8	3	Efficient Diversification Readings: Chapter 6  Capital Asset Pricing and Arbitrage Pricing Theory Readings: Chapter 7	<b>HW for Chapters 6 and 7 assigned</b>
Sep 15	4	Capital Asset Pricing and Arbitrage Pricing Theory Readings: Chapter 7  <b>Review</b>	
Sep 22	5	<b>Exam 1</b>  Performance Evaluation Readings: Chapter 18	

Sep 29	6	Security Markets Readings: Chapter 3	<b>HW for Chapters 18 &amp; 3 assigned</b>
Oct 6	7	Mutual Funds and Other Investment Companies Readings: Chapter 4	<b>HW for Chapters 4 and 10 assigned</b>
Oct 13	8	Bond Prices and Yields Readings: Chapter 10, WSJ	
Oct 20	9	<b>Review</b>	
Oct 27	10	<b>Exam 2</b>  Equity Valuation Models Readings: Chapter 13	<b>HW for Chapter 13 assigned</b>
Nov 3	11	Equity Valuation Models Readings: Chapter 13	
Nov 10	12	Option Markets Readings: Chapter 15, WSJ	<b>HW for Chapters 15 &amp; 16 assigned</b>
Nov 17	13	Option Valuation Readings: Chapter 16	
Nov 24	14	Futures Markets Readings: Chapter 17	
		<b>Review for the final</b>	
Dec 1	15	<b>Exam</b>	

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### Grading Policy

Class Participation	5%
Homework	20%
Exam 1	25%
Exam 2	25%
Final Exam	25%

I may or may not curve individual exams. However, I will curve your overall course grade that is determined based upon the above components.

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### Course & Instructor Policies

#### Attendance

- I will take attendance from time to time. However, even if you may not be caught for occasional no-shows, you will soon realize the importance of attending classes because lectures may, at times, depart from materials in the textbook and may include additional examples. Therefore, it is important to attend classes regularly to keep up with the material.
- If you miss a class, you are responsible for obtaining notes from eLearning or your fellow classmates to determine what has been missed. I will not respond to requests to go over important things that have been missed during your absence.
- After reviewing lecture notes and reading the textbook, please feel free to talk to me if you have difficulty with any topic. I encourage you to seek help from me early on so that you won't accumulate too many problems and have difficulty catching up.

### **Classroom Conduct**

Please do not chat with your neighbor on things unrelated to the course or leave the classroom in the middle of the class because these behaviors distract me and other students.

### **Homework**

- Homework questions are representative of what you might see on the exam, although they are by no means exhaustive. Your assignments will be graded based upon both your efforts and the quality of the answers. I may call on you to present your solutions in class on the due day as well.
- It is highly recommended that you work through the "Concept Checks" in the textbook. These "Concept Checks" direct you to key concepts of each chapter and reinforce materials covered in class.
- Assignments are due at the beginning of the class on the due dates. Please turn in a hard copy of your homework in class. **Late assignments turned in within 1 day of the due day would only be given 50% of the credit earned. No credit will be given after that.** Copying or plagiarizing the work of other students will lead to zero credit and other punishments for academic dishonesty.

### **Make-up Exam**

All three exams are mandatory. It's your own responsibility to arrange your schedule through the semester to coordinate with the exam schedule before you register for this course. **No make-up exam or alternative test date** will be given except for true emergency that can be properly documented.

### **Re-grading Policy**

Re-grading requests must be submitted in writing providing clear and specific description of the disagreement, within **THREE** business days from the time the exam is returned in class. I will re-grade the entire exam upon receiving your written re-grading request to ensure both favorable and unfavorable grading errors are corrected.

## Method of Communication

Email is the preferred the method of communication with me. I usually check emails pretty frequently even after business hours. Unless it is an emergency, please try not to call me at my office without prior appointment. Also, I'll try my best to promptly respond to your requests/questions via email instead of calling you back at your personal or business numbers except for extraordinary circumstances.

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## Technical Support

If you experience any problems with your UTD account you may send an email to: [assist@utdallas.edu](mailto:assist@utdallas.edu) or call the UTD Computer Helpdesk at 972-883-2911.

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## Field Trip Policies

### Off-campus Instruction and Course Activities

*Off-campus, out-of-state, and foreign instruction and activities are subject to state law and University policies and procedures regarding travel and risk-related activities. Information regarding these rules and regulations may be found at the website address [http://www.utdallas.edu/BusinessAffairs/Travel\\_Risk\\_Activities.htm](http://www.utdallas.edu/BusinessAffairs/Travel_Risk_Activities.htm). Additional information is available from the office of the school dean. Below is a description of any travel and/or risk-related activity associated with this course.*

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## Student Conduct & Discipline

The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities. General information on student conduct and discipline is contained in the UTD printed publication, *A to Z Guide*, which is provided to all registered students each academic year.

The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the *Rules and Regulations, Series 50000, Board of Regents, The University of Texas System*, and in Title V, *Rules on Student Services and Activities of the university's Handbook of Operating Procedures*. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU 1.602, 972/883-6391) and online at <http://www.utdallas.edu/judicialaffairs/UTDJudicialAffairs-HOPV.html>

A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.

## **Academic Integrity**

The faculty expects from its students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work.

Scholastic Dishonesty, any student who commits an act of scholastic dishonesty is subject to discipline. Scholastic dishonesty includes but is not limited to cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give unfair advantage to a student or the attempt to commit such acts.

Plagiarism, especially from the web, from portions of papers for other classes, and from any other source is unacceptable and will be dealt with under the university's policy on plagiarism (see general catalog for details). This course will use the resources of turnitin.com, which searches the web for possible plagiarism and is over 90% effective.

## **Copyright Notice**

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted materials, including music and software. Copying, displaying, reproducing, or distributing copyrighted works may infringe the copyright owner's rights and such infringement is subject to appropriate disciplinary action as well as criminal penalties provided by federal law. Usage of such material is only appropriate when that usage constitutes "fair use" under the Copyright Act. As a UT Dallas student, you are required to follow the institution's copyright policy (Policy Memorandum 84-I.3-46). For more information about the fair use exemption, see <http://www.utsystem.edu/ogc/intellectualproperty/copypol2.htm>

## **Email Use**

The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student's U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individual corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at U.T. Dallas provides a method for students to have their U.T. Dallas mail forwarded to other accounts.

## **Withdrawal from Class**

The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, I cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.

## **Student Grievance Procedures**

Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's *Handbook of Operating Procedures*.

In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called "the respondent"). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at that level, the grievance must be submitted in writing to the respondent with a copy of the respondent's School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean's decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the dean will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.

Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.

### **Incomplete Grade Policy**

As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester's end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of E.

### **Disability Services**

The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in room 1.610 in the Student Union. Office hours are Monday and Thursday, 8:30 a.m. to 6:30 p.m.; Tuesday and Wednesday, 8:30 a.m. to 7:30 p.m.; and Friday, 8:30 a.m. to 5:30 p.m.

The contact information for the Office of Disability Services is:  
The University of Texas at Dallas, SU 22  
PO Box 830688  
Richardson, Texas 75083-0688  
(972) 883-2098 (voice or TTY)  
[disabilityservice@utdallas.edu](mailto:disabilityservice@utdallas.edu)

If you anticipate issues related to the format or requirements of this course, please meet with the Coordinator of Disability Services. The Coordinator is available to discuss ways to ensure your full participation in the course. If you determine that formal, disability-related accommodations are necessary, it is very important that you be registered with Disability Services to notify them of your eligibility for reasonable accommodations. Disability Services can then plan how best to coordinate your accommodations.

It is the student's responsibility to notify his or her professors of the need for such an accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.

### **Religious Holy Days**

The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated.

The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the length of the absence, up to a maximum of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment.

If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.

***These descriptions and timelines are subject to change at the discretion of the Professor.***