FINC 5733 Investments  
Spring 2011  
Dillard College of Business Administration  
Midwestern State University

Class Hours: Monday, 7:00 pm – 09:50 pm, DB 177

Contact Information
Instructor: Adam Y.C. Lei, Ph.D., CFA  
Office: DB 219  
940-397-4403  adam.lei@mwsu.edu
Office Hours: Monday, 01:00 pm – 04:00 pm, and by appointment

Course Materials
Required: 1) Lecture Notes (PowerPoint slides; available through WebCT), and 2) Investments, 9e, by Bodie, Kane, and Marcus, McGraw-Hill/Irwin, ISBN: 978-0073530703.
Recommended: The Wall Street Journal

Course Description
Study of various investment markets with special emphasis on characteristics and valuation of common stocks, bonds, and options, function and efficiency of U.S. securities markets, and theory and practice of portfolio management.

Course Objective

A. General Learning Goals:

Upon successful completion of this course, students should:

1) Demonstrate problem solving and decision making abilities through the critical analysis, evaluation, and interpretation of business information.
2) Demonstrate a competency in speaking and writing for common business scenarios.
3) Have an understanding of the influence of global and multicultural issues on business activities.
B. Course Specific Learning Goals:

Upon successful completion of this course, students should have developed the understanding of:

1) The investment environments in the United States.
2) The characteristics and valuations of securities including stocks, bonds and options.
3) Asset pricing theories.
4) The efficiency of securities markets and its implications.
5) Theory and practice of portfolio management.

Course Prerequisites

BUAD 3033 and FINC 3733 and consent of the Graduate Coordinator.

Other Requirements

Each student should have a calculator capable of calculating the time value of money (a financial or scientific calculator will do) in class. A student is expected to be familiar with his/her calculator’s functions.

Grading and Evaluation

<table>
<thead>
<tr>
<th>Course Grading:</th>
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<tbody>
<tr>
<td>Midterm Exam I</td>
<td>25%</td>
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<tr>
<td>Midterm Exam II</td>
<td>25%</td>
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<tr>
<td>Final Exam</td>
<td>25%</td>
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<tr>
<td>Assignments</td>
<td>15%</td>
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<tr>
<td>Participation</td>
<td>10%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
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90-100          A  
80-90           B  
70-80           C  
60-70 (No credit)  D  
Below 60 (No credit)  F  

All grades are firm and non-negotiable. There is no rounding in grades. To maintain the fairness to the entire class, the same grading criteria will be applied to every student, and no personal reason will be considered for grading purposes. No grade will be disclosed by email, by phone, or online.

Exams:

There will be three exams during this semester in the assigned classroom. The first two exams will be held during regular class hours. The final exam will be held by the university schedule (see the end of this syllabus). The exams will include questions on any covered material, e.g., lecture notes, classroom discussions, and reading assignments. Each student will need a calculator and ScanTron for the exams. The use of cell phones is not allowed during the exams.
The exam must be taken as scheduled. There is no make-up exam in this course and students missing the exam without a valid excuse will receive an exam grade of zero. A valid excuse is defined as an authorized absence (see Midwestern State University Student Handbook (2010-2011) for the definition) or an unforeseeable, proved, and documented event that requires the student’s presence in a place other than the classroom during the class period, and such event is deemed acceptable by the instructor. In the case of an excused absence, the document justifying the absence must be turned to the instructor within one week from the absence, and the weight assigned for the missed exam will be redistributed to the other components of the semester grade.

**Assignments:**

There will be one or more individual assignments during this semester. The assignments and specific guidelines will be given in class, and students will have the specified time to complete the assignments.

**Participation:**

A student's grade on class participation depends on three factors: 1) Attendance, 2) Performance on raising and answering questions in class, and 3) Grades on random assignments. There is no guarantee that a student attending every class will automatically receive the full credit on class participation.

For the record keeping purpose, each class period a roll sheet will be passed through the class and students need to make sure that they sign on the roll sheet. Signing any other student’s name on the roll sheet is considered as a disruptive conduct in this course.

**Instructor Drop, Midwestern State University Graduate Catalog (2010-2012), p. 27**

*An instructor may drop a student any time during the semester for excessive absences, for consistently failing to meet class assignments, for an indifferent attitude, or for disruptive conduct. The instructor must give the student a verbal or written warning prior to being dropped from the class. An instructor’s drop of a student takes precedence over the student-initiated course drop of a later date. The instructor will assign a grade of either WF or F through the first 8 weeks of a long semester, first 6 weeks of a 10 week summer term, or the 11th class day of a 4 or 5 week summer term consisting of 20 days. After these periods the grade will be an F. The date the instructor drop form is received in the Office of the Registrar is the official drop date.*

Students who miss more than one third of the class periods without valid excuses will be dropped from this course. A valid excuse is defined as an authorized absence (see Midwestern State University Student Handbook (2010-2011) for the definition) or an unforeseeable, proved, and documented event that requires the student’s presence in a place other than the classroom during the class period, and such event is deemed acceptable by the instructor. In the case of an excused absence, the document justifying the absence must be turned to the instructor within one week from the absence.
Students who fail to meet class assignments, show indifferent attitudes, or reveal disruptive conducts will be given warnings each time such instance occurs. Students with more than two warnings will be dropped from this course.

The “Three C” Rule, Midwestern State University Graduate Catalog (2010-2012), p. 60

Graduate students who earn a grade of “C” or below in no more than two different graduate courses will be allowed to remain in the MBA program as long as their cumulative GPA remains 3.00 or higher. However, after earning the second “C” or below grade, a graduate student must meet with the Graduate Coordinator to create a plan for improving performance. If a graduate student earns a grade of “C” or below in more than two different graduate courses, the student will be dismissed from the MBA program.

Other Course Policies

1) Please bring a calculator to class.
2) It is obviously in a student’s best interests to attend class regularly.
3) Students are expected to read the class material before and after the scheduled classes.
4) Announcements not made in class will be posted online through WebCT. Students have the responsibility to check the postings and class material regularly.
5) Video, audio, and image recording other than taking hand-written or typed notes in the classroom is not allowed without the prior consent of the instructor. Redistribution of course material prepared by the instructor in any form outside this class is not allowed.

Academic Integrity

Students shall follow the “Student Honor Creed” on p. 4 of the Midwestern State University Student Handbook (2010-2011). A student who commits academic dishonesty is subject to conduct sanctions (please see p. 67 Item 11 of the Handbook for the definition of Academic Dishonesty, p. 69 and p. 70 for Conduct Sanctions, and p. 71 Section 4 for the Academic Misconduct Procedures).

Americans with Disabilities Act

This course follows the university policies and guidelines suggested by the Disability Support Services Office for qualified students. Students are referred to p. 53 of the Midwestern State University Graduate Catalog (2010-2012) for details.

Syllabus Change Policy

This syllabus is a guide for this course and is subject to change with advanced notice.

References

Midwestern State University Student Handbook (2010-2011), http://students.mwsu.edu/dean/
Midwestern State University Graduate Catalog (2010-2012), http://registrar.mwsu.edu/catalog/
Course Content and Outline

I. Introduction

*Chapter 1: The Investment Environment
Chapter 2: Asset Classes and Financial Instruments
Chapter 3: How Securities Are Traded
*Chapter 4: Mutual Funds and Other Investment Companies

II. Portfolio Theory and Practice

Chapter 5: Introduction to Risk, Return, and the Historical Record
Chapter 6: Risk Aversion and Capital Allocation to Risky Assets
Chapter 7: Optimal Risky Portfolios
Chapter 8: Index Models

III. Equilibrium in Capital Markets

Chapter 9: The Capital Asset Pricing Model
Chapter 10: Arbitrage Pricing Theory and Multifactor Models of Risk and Return
Chapter 11: The Efficient Market Hypothesis
Chapter 12: Behavioral Finance and Technical Analysis

IV. Fixed-Income Securities

Chapter 14: Bond Prices and Yields
*Chapter 15: The Term Structure of Interest Rates
Chapter 16: Managing Bond Portfolios

VI. Options, Futures, and Other Derivatives

Chapter 20: Options Markets: Introduction

*. Reading assignment
## Course Schedule

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<tr>
<th>Month</th>
<th>Date</th>
<th>Schedule</th>
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<tbody>
<tr>
<td>1</td>
<td>24</td>
<td>Introduction and Concepts Review</td>
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<tr>
<td></td>
<td>31</td>
<td>Chapter 2 &amp; 3</td>
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<tr>
<td>2</td>
<td>7</td>
<td>Chapter 3 &amp; 5</td>
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<td>3</td>
<td>7</td>
<td>Chapter 7 &amp; 8</td>
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<td>14</td>
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<td><strong>Spring Break</strong></td>
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<tr>
<td></td>
<td>21</td>
<td>Chapter 9 &amp; 10</td>
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<tr>
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### Exams

- **Exam I:** February 21 (Monday)
- **Exam II:** April 4 (Monday)
- **Final Exam:** May 9 (Monday), 08:00 pm – 10:00 pm