Class Hours: Monday and Wednesday, 12:30 pm – 01:50 pm, DB 175

Contact Information

Instructor: Adam Y.C. Lei, Ph.D., CFA  
Office: DB 219  
940-397-4403   adam.lei@mwsu.edu

Office Hours: Monday, 02:00 pm – 05:00 pm, and by appointment

Course Materials

Required: 1) Lecture Notes (PowerPoint slides; available through WebCT), and  


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 environment 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

Junior standing or above or consent of the chair, BUAD 3033, and FINC 3733.

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>
<th>Midterm Exam I</th>
<th>Midterm Exam II</th>
<th>Final Exam</th>
<th>Participation</th>
<th>Total</th>
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<tbody>
<tr>
<td></td>
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<tr>
<th>Grade</th>
<th>Range</th>
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<tr>
<td>A</td>
<td>90-100</td>
<td>Excellent</td>
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<tr>
<td>B</td>
<td>80-90</td>
<td>Good</td>
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<tr>
<td>C</td>
<td>70-80</td>
<td>Satisfactory</td>
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<td>D</td>
<td>60-70</td>
<td>Passing</td>
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<tr>
<td>F</td>
<td>Below 60</td>
<td>Failing</td>
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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 (please see the end of this syllabus for the exam dates). 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 exams must be taken as scheduled. There is no make-up exam in this course and students missing an exam without a valid excuse will receive an exam grade of zero for the specific exam. A valid excuse is defined as an authorized absence (see Midwestern State University Undergraduate Catalog (2010-2012) p. 77-78 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 exams. No student will be allowed to miss the final exam.

**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.

**Class Attendance, Midwestern State University Undergraduate Catalog (2010-2012), p. 78**

*Students are expected to attend all meetings of the classes in which they are enrolled. Although in general students are graded on intellectual effort and performance rather than attendance, absences may lower the student’s grade where class attendance and class participation are deemed essential by the faculty member. In those classes where attendance is considered as part of the grade, the instructor should so inform students of the specifics in writing at the beginning of the semester in a syllabus or separate attendance policy statement. An instructor who has an attendance policy must keep records on a daily basis. The instructor must give the student a verbal or written warning prior to being dropped from the class. An instructor’s records will stand as evidence of absences. A student with excessive absences may be dropped from a course by the instructor. Any individual faculty member or college has the authority to establish an attendance policy, providing the policy is in accordance with the General University Policies.*

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 an act of disruptive conduct in this course.

**Instructor Drop, Midwestern State University Undergraduate Catalog (2010-2012), p. 73**

*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 8th week of a long semester, the 6th week 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 with a failing grade. A valid excuse is defined as an authorized absence (see Midwestern State University Undergraduate Catalog (2010-2012) p. 77-78 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 with a failing grade.

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 provided 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 (2011-2012). A student who commits academic dishonesty is subject to conduct sanctions (please refer to the Handbook for the definitions of Academic Dishonesty (p. 77 Item 11), Conduct Sanctions (p. 80-81), and Academic Misconduct Procedures (p. 82-84 Section 4)).

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. 21 of the Midwestern State University Undergraduate 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 (2011-2012), http://students.mwsu.edu/dean/
Midwestern State University Undergraduate Catalog (2010-2012),
http://registrar.mwsu.edu/catalog/
Course Content and Outline

I. Elements of Investments

Chapter 1: Investments: Background and Issues
Chapter 2: Asset Classes and Financial Instruments
Chapter 3: Securities Markets
Chapter 4: Mutual Funds and Other Investment Companies

II. Portfolio Theory

Chapter 5: Risk and Return: Past and Prologue
Chapter 6: Efficient Diversification
Chapter 7: Capital Asset Pricing and Arbitrage Pricing Theory
Chapter 8: The Efficient Market Hypothesis

III. Debt Securities

Chapter 10: Bond Prices and Yields
Chapter 11: Managing Bond Portfolios

V. Derivative Markets

Chapter 15: Options Markets
Chapter 16: Option Valuation
# Course Schedule

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<tr>
<th>Month/Date</th>
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<tr>
<td>1</td>
<td>Introduction</td>
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<td>Concepts Review &amp; Chapter 1</td>
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<td>Chapter 1 &amp; 2</td>
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<td>13</td>
<td>Chapter 4 &amp; 5</td>
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<td>Chapter 6</td>
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<td>29</td>
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<td>Chapter 6 &amp; 7</td>
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<td>Chapter 7</td>
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<td>12</td>
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<td>Chapter 8 &amp; 10</td>
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## Exams

**Exam I:** February 20 (Monday)  
**Exam II:** April 4 (Wednesday)  
**Final Exam:** May 9 (Wednesday), 03:30 pm – 05:30 pm