

**UNIVERSITY OF ILLINOIS AT CHICAGO  
COLLEGE OF BUSINESS ADMINISTRATION**

**FINANCE 310: INVESTMENTS  
Fall 2012**

**Time and Class Room:** Tu/Th 11:00-12:15 in BSB 335 (call # 11437)

Instructor: Professor Oleg Bondarenko  
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**Course description:** The course is an introduction to investment analysis, portfolio management, and capital markets. It will discuss general principles of asset valuation with application to specific securities.

**Prerequisites:** Fin 300 is *required*. This course is rigorous, quantitative, and challenging. Students' familiarity with statistics, calculus, economics, and spreadsheet computing is assumed.

**Required text:** Bodie, Z., A. Kane, and A. Markus, *Investments*, Irwin, 9<sup>th</sup> Ed., 2011, [BKM].

**Course Website:** The course website is accessible from the UIC Blackboard site <http://blackboard.uic.edu/>. This website will contain all course materials, including syllabus, lecture notes, announcements, project instructions, homework assignments, solutions, practice tests, scores, etc.

Occasionally, I might use the website for logistical matters, such as to announce schedule changes, make clarifications, answer common questions, etc. Please check this website periodically.

**Other resources:**

- 1) Many useful materials can be found on the publisher's webpage <http://www.mhhe.com/bkm>.
- 2) Students are encouraged to use a financial calculator in class. The recommended models include HP 10BII, TI BA II Plus, TI 83, and similar. (The main requirement is for a calculator to be able to compute NPV, IRR, PV, and FV). Financial calculators will be allowed on exams. For class demonstrations, I will be using HP 10BII.
- 3) Many course related materials can be found in the *Wall Street Journal*, and students may find it beneficial to subscribe.
- 4) Microsoft Excel will be used for group projects.

## Course work:

- A. **Examinations:** There will be three exams. Exams will be closed book, closed notes and will consist of problems and multiple choice questions. Formula sheets will be provided. Bring your own calculator. No make-up exams will be given except for extraordinary circumstances, in which case suitable documentation will be required.
- B. **Group projects:** There will be three computer projects, which you will do in groups of 4 people. The projects will require the application of many of the principles discussed during the semester. You may choose the members of your group, but the group members are to remain the same throughout the semester. One report will be submitted for each group and everyone in a group will receive the same grade. No submissions after the due date.
- C. **Homework assignments:** Three problem sets will be given as homework assignments. The problem sets will *not* be collected and they are meant as preparation for the exams. Solutions to the problem sets will be provided on the course website.
- D. **Extra credit:** You will have an opportunity to earn up to 8 bonus points by participating in the Finance and Investment Group (FIG) stock game. To get extra credit, you will need
- 1) register for the FIG stock game and make at least the minimum number of trades (usually 15);
  - 2) give the stock game administrator the call number of your FIN 310 section so that they could provide me with the results at the end of the semester;
  - 3) submit a brief report on your participation of about 2 pages long. In the report you may address the following issues: i) your objective, ii) your investment strategy, iii) your performance (compared to other participants and relative to the S&P 500 Index), iv) how participation in the stock game is different from real life investing.

The due date for the extra credit is the last lecture before Exam 3. No late submissions will be accepted.

**Grades:** Grading will be based on a curve. Active class participation might be taken into account in borderline cases.

Components	Possible points
Exam 1 , 2, 3	3x40
Project 1, 2, 3	3x20
<b>Total</b>	<b>180</b>
Extra credit	8

**Class attendance and participation:** This course moves quickly, so it is very important that you keep up with the material from the start. Regular attendance is a course requirement. You are expected to come to class prepared for active participation in both discussion and problem solving.

If you miss a class or are late, you are responsible for getting class notes and announcements from classmates. Also, please turn off your mobile phones, beepers, and other electronic devices before the class starts so that you do not disturb the progress of the class.

### **How to Reach Me**

1. I will have office hours on Tuesday between 1:30 and 2:30 p.m. If this time does not work for you, please email me to make an appointment at mutually convenient time.
2. You can ask questions by email, by phone, or in person, with email being the most efficient alternative.
3. I also welcome your comments on every aspect of the course. Your feedback is very important!

**Course outline and reading assignment:** See Course Schedule.

To enhance your understanding in class, you should read the relevant chapters and review the assigned end-of-chapter problems *before* coming to class.

### **Important dates:**

Project 1	09/25
Exam 1	09/27
Project 2	10/30
Exam 2	11/01
Project 3 and optional Stock game report	12/04
Exam 3	12/06

**Academic Integrity:** *This course and its associated coursework are being administered under the policies of UIC College of Business Administration Honor Code. All students are expected to respect and uphold this code.*

Academic misconduct is grounds for failing the course and may be grounds for additional sanctions. Academic misconduct includes, but is not limited to, giving and receiving information during an exam and submitting plagiarized work for an academic requirement. Academic dishonesty in any form will not be tolerated.

**Schedule Changes:** Changes in the sequencing of material, assignments, or grading policy may be made as the course progresses. Such changes will be announced in class and students are responsible for learning about these changes.

## COURSE SCHEDULE

Reading assignments are from **Bodie, Kane, Markus, Investments, 9th Ed, 2011.**

Date	Topic	Assignment
08/28 Tu	Introduction	
08/30 Th	Investment environment	Ch. 1
09/04 Tu	Markets and instruments	Ch. 2.1-2.3
09/06 Th	Markets and instruments	Ch. 2.4-2.5
09/11 Tu	Securities trading	Ch. 3.1-3.4
09/13 Th	Securities trading	Ch. 3.5-3.8
09/18 Tu	Mutual funds	Ch. 4
09/20 Th	Review of Portfolio mathematics	Ch. 5.4-5.5, 7.2
09/25 Tu	Risk and risk aversion. <b>Project 1 is due. Exam 1 Review</b>	Ch. 6.1
09/27 Th	<b>Exam 1</b>	
10/02 Tu	Capital allocation	Ch. 6.2-6.5
10/04 Th	Capital allocation. Portfolio Theory	Ch. 6.2-6.5, 7.1-7.4
10/09 Tu	Portfolio Theory	Ch. 7.1-7.4
10/11 Th	Index model	Ch. 8.1-8.3
10/16 Tu	Capital Asset Pricing Model	Ch. 9.1
10/23 Tu	Capital Asset Pricing Model	Ch. 9.1
10/25 Th	Market efficiency and Behavioral Finance	Ch. 11, 12
10/30 Tu	Market efficiency and Behavioral Finance. <b>Project 2 is due. Exam 2 Review</b>	Ch. 11, 12
11/01 Th	<b>Exam 2</b>	
11/06 Tu	Fixed-income securities. Bond characteristics	Ch. 14.1-14.2
11/08 Th	Yield calculations	Ch. 14.3-14.4
11/13 Tu	Term structure of interest rates	Ch. 15.1-15.3
11/15 Th	Term structure of interest rates	Ch. 15.1-15.3
11/20 Tu	Duration	Ch. 16.1
11/22 Th	Fixed-income portfolio management. Option markets: Introduction	Ch. 16.3, Ch. 20.1-20.2
11/27 Tu	Option strategies	Ch. 20.3-20.5
11/29 Th	<b>Thanksgiving. No class</b>	
12/04 Tu	<b>Project 3 &amp; optional stock game report are due. Exam 3 Review</b>	
12/06 Th	<b>Exam 3</b>	