



THE OHIO STATE UNIVERSITY
FISHER COLLEGE OF BUSINESS

BUSFIN 4221: Investments

Summer 2024

Course Description and Syllabus

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Lecture: Tu/Th 11:10AM – 12:30PM

Location: Schoenbaum Hall - Room 215

Office: 760 Fisher Hall

Office Hours: Tu/Th 1:30PM – 2:30PM or by appointment

The content of this syllabus is subject to change. All changes are timely notified to enrolled students via Carmen Announcements.

Course Description:

This course is designed to teach the principles of investment and is divided into two main parts. In the first part of the course (Modules 1 to 3), we outline the investment environment and detail the general principles underlying the valuation of financial assets, with a focus on how to extract risk and reward information from asset prices in two major asset classes: debt and equity. As will become clear from this first part of the course, the valuation of any financial asset is based on the present value of its future cash flows, which requires a discount rate that is linked to the reward investors receive from buying the given financial asset. As such, in the second part of the course (Modules 4 to 6), we detail how different theories for the trade-off between risk and reward in well-functioning markets lead to an equilibrium in which financial assets that have higher risk deliver higher reward to investors. In this process, we will also learn how the risk vs reward paradigm provides optimal rules for capital allocation among asset classes and securities.

Prerequisites: BUSFIN 3220 (Business Finance), BUSMGT 2320 (Statistical Techniques), BUSMGT 2321 (Business Analytics), BUSMHR 2292 (Business Skills & Environment)

Textbook and Materials:

All material necessary for this course will be posted on the course webpage, including lecture slides and practice exams. No textbook is required. *Fundamentals of Financial Management*, 16th edition, by Brigham and Houston can be used as a complementary reading (earlier editions are fine).

Suggested Reading:

The Wall Street Journal - www.wsj.com/studentoffer
Financial Times, Economist, and Bloomberg.com

Course Format:

This class meets twice per week, in person. Regular class attendance is expected since lectures will not be recorded, and we will cover material that is not in the textbook. Please feel free to ask questions during lectures. Lecture notes will be on Carmen before each class. I will also use Carmen to distribute emails to the class and post supplemental information.

Course Assignments:

Course Project: This will be a semester-long project that provide a hands-on opportunity to apply investment principles learned in the course. Assignment details will be posted on Carmen later.

Problem Sets: There will be four problem sets for this class. Each problem set will be composed of multiple-choice questions and one or two short math or essay questions. Each of the problem sets is worth 20 points and the lowest score among them will be dropped (the average of remaining three will be your final score for problem sets). Late submission will cause a 10% penalty for each calendar day turned in late (**3 days maximum – submission more than 3 days late is not accepted**). Assignments will be posted and submitted via Carmen by clicking on the “Assignments” tab.

Midterm and Final Exams: Exams will take place in person on paper. Exams are not cumulative, and the final exam will be on the materials after midterm 2. Practice exams will be available before each exam to help you prepare. **You have the option to drop one midterm and your final exam score will account for 40% of total score.**

Grading:

Course Project (TBA)	20%
Problem Sets (4 in total, lowest score dropped)	20%
Midterm 1	20%
Midterm 2	20%
Final Exam	20%

Per college policy, the absolute cut-offs for letter grades are listed below. There is no rounding. There is no extra credit or bonus assignment if you are not at these cut-offs.

A	A-	B+	B	B-	C+	C	C-	D
93	90	87	83	80	77	73	70	60

Course Policies:

Absence and Makeup Policy:

There are no make-ups for graded assignments in Carmen or in-person exams, except via permission before the exam with evidence of a clear emergency (e.g., admitted to doctor for illness).

Students with Disabilities:

The university strives to maintain a healthy and accessible environment to support student learning in and out of the classroom. If you anticipate or experience academic barriers based on your disability (including mental health, chronic, or temporary medical conditions), please let me know immediately so that we can privately discuss options. To establish reasonable accommodations, I may request that you register with Student Life Disability Services. After registration, make arrangements with me as soon as possible to discuss your accommodations so that they may be implemented in a timely fashion. SLDS contact information: slds@osu.edu; 614-292-3307; slds.osu.edu; 098 Baker Hall, 113 W. 12th Avenue.

Academic Integrity:

All students enrolled in this course are responsible for abiding by the guidelines outlined in the University's Code of Student Conduct. According to University Rule 3335-31-02, **all suspected cases of academic misconduct will be reported to the Committee on Academic Misconduct**. The sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the University.

Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. Thus, The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the University's Code of Student Conduct, and that all students will complete all academic and scholarly assignments with fairness and honesty. Students must recognize that failure to follow the rules and guidelines established in the University's Code of Student Conduct and this syllabus may constitute "Academic Misconduct." The Ohio State University's Code of Student Conduct (Section 3335-23-04) defines academic misconduct as: "Any activity that tends to compromise the academic integrity of the University, or subvert the educational process." Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, and possession of unauthorized materials during an examination. Ignorance of the University's Code of Student Conduct is never considered an "excuse" for academic misconduct, so I recommend that you review the Code of Student Conduct and, specifically, the sections dealing with academic misconduct

Disenrollment:

Fisher College University Rule 3335-8-33 provides that a student may be disenrolled after the third instructional day of the quarter, the first Friday of the quarter, or the student's second class session of the course, whichever occurs first, if the student fails to attend the scheduled course without giving prior notification to the instructor.

NOTE: The University and College expectation is that students spend two hours outside of class for every hour spent in class. Since this course meets 3 hours per week, you should expect to spend 6 hours per week outside of class on course-related work. Thus, you should be spending at least six hours per week outside of class on this course alone. That time should be spent reading the required material, taking notes on what you were reading, rewriting your class notes, meeting with class colleagues in going over what you have learned, working on homework problems, reading current investment news to see how concepts learned tie into the course, and thinking about how the course concepts tie together.

Course technology:

For help with your password, university email, Carmen, or any other technology issues, questions, or requests, contact the Ohio State IT Service Desk. Standard support hours are available at ocio.osu.edu/help/hours, and support for urgent issues is available 24/7.

- **Self-Service and Chat support:** ocio.osu.edu/help
- **Phone:** 614-688-4357(HELP)
- **Email:** servicedesk@osu.edu
- **TDD:** 614-688-8743

Baseline technical skills for online courses

- Basic computer and web-browsing skills
- Navigating Carmen: for questions about specific functionality, see the [Canvas Student Guide](#).

Required equipment

- Computer: current Mac (OS X) or PC (Windows 7+) with high-speed internet connection
- Webcam: built-in or external webcam, fully installed and tested
- Microphone: built-in laptop or tablet mic or external microphone
- Other: a mobile device (smartphone or tablet) or landline to use for BuckeyePass authentication

Required software

- [Microsoft Office 365](#): All Ohio State students are now eligible for free Microsoft Office 365 ProPlus through Microsoft's Student Advantage program. Full instructions for downloading and installation can be found [at go.osu.edu/office365help](https://go.osu.edu/office365help).

Carmen access:

You will need to use [BuckeyePass](#) multi-factor authentication to access your courses in Carmen. To ensure that you are able to connect to Carmen at all times, it is recommended that you take the following steps:

- Register multiple devices in case something happens to your primary device. Visit the [BuckeyePass - Adding a Device](#) help article for step-by-step instructions.
- Request passcodes to keep as a backup authentication option. When you see the Duo login screen on your computer, click **Enter a Passcode** and then click the **Text me new codes** button that appears. This will text you ten passcodes good for 365 days that can each be used once.
- Download the [Duo Mobile application](#) to all of your registered devices for the ability to generate one-time codes in the event that you lose cell, data, or Wi-Fi service.

If none of these options will meet the needs of your situation, you can contact the IT Service Desk at 614-688-4357 (HELP) and IT support staff will work out a solution with you.

Tentative schedule:

The following schedule (including deadlines) is tentative and subject to changes based on how the class progresses.

Date	Module	Lecture	Assignments
5/7 (Tu)	<u>Module 1</u> Introduction	Introduction to Investments	
5/9 (Th)		Investors and trading	
5/14 (Tu)	<u>Module 2</u> Debt securities	Bond pricing 1	
5/16 (Th)		Bond pricing 2	
5/21 (Tu)		Interest rates	
5/23 (Th)		Review: midterm 1	PS#1 due at 11:59pm
5/28 (Tu)		Midterm 1	
5/30 (Th)	<u>Module 3</u> Equity securities	Introduction to equity	
6/4 (Tu)		Equity pricing 1	
6/6 (Th)		Equity pricing 2	
6/11 (Tu)	<u>Module 4</u> Portfolio theory	Risk and return	
6/13 (Th)		Capital allocation	PS#2 due at 11:59pm
6/18 (Tu)		Diversification	
6/20 (Th)		Efficient frontier	
6/25 (Tu)		Review: midterm 2	PS#3 due at 11:59pm
6/27 (Th)		Midterm 2	
7/2 (Tu)	<u>Module 5</u> Factor models	CAPM 1	
7/4 (Th)		No class (Independence Day)	
7/9 (Tu)		CAPM 2	
7/11 (Th)		Anomalies	
7/16 (Tu)		Multifactor models	
7/18 (Th)	<u>Module 6</u> Market efficiency	Efficient market hypothesis	PS#4 due at 11:59pm
7/23 (Tu)		Behavioral finance	
7/25 (Th)		Review: final exam	Course project report due at 11:59pm
7/30 (Tu)		Final exam (12:00pm – 1:45pm)	