

Syllabus¹

FIN490D: Financial Analysis Fall, 2017

August 23, 2017

Course:	FIN490D Section 001.
Lecture Time and Location:	W 6:00-8:45pm at BusAd E203.
Instructor:	Prof. Jiakai Chen.
Phone:	(808) 956-7610
E-mail:	jiakai@hawaii.edu. ²
Office Hours and Location:	Friday 2:00-3:00pm at BusAd E602h, or by appointment.
Final Exam Time:	TBD.
Final Exam Location:	TBD.

1 Objective

The purpose of FIN490D is to learn the materials thoroughly so that you can pass the CFA Level I Exam in June 2018, and higher levels of CFA exams in the coming years.

In order to achieve this objective, this course covers the CFA level 1 curriculum, which includes

- Ethics
- Quantitative Methods
- Economics
- Financial Accounting
- Corporate Finance
- Portfolio Management
- Equity

¹The syllabus is subject to change as the semester progresses. Please check <https://laulima.hawaii.edu/x/Snqtwr> for the latest update.

²E-mail is the preferred communication method. Please begin the subject line with [FIN490D] so that it will not be intercepted by my spam filter.

- Fixed Income
- Derivatives
- Alternative Investments

2 Materials

The required textbook is **2018 CFA Program Curriculum eBook Level I (CFA study guide)**. The eBook is included in your registration fee. Please refer to <https://www.cfainstitute.org/programs/cfaprogram/courseofstudy/Pages/curriculum.aspx> for more information. We will follow closely the study sessions outlined in CFA Study Guide. There are a total of 18 Study Sessions with a total of 58 Readings.

We will augment the Guide with other review materials to help you focus on important topics. They will be posted in advance on the Laulima class website. You are encouraged to download lecture notes and bring them to class, to facilitate note-taking and comprehension of the material presented. This syllabus can be downloaded from Laulima as well.

3 Prerequisites

The most important prerequisite is to register for the CFA level I exam in June 2018. You need to make up your mind to go for the exam, and study consistently towards it. This also gives you the access to the required textbook. Other review materials such as Allen Resources, Stella, Schweser alone may not be sufficient.

I assume you have already taken undergraduate level courses in quantitative methods, microeconomics, macroeconomics, international economics, financial accounting, corporate finance, and investments.

You need to have a financial calculator for every class as well as the actual CFA exam. HP12C (or HP 12C Platinum, 12C Platinum 25th anniversary edition, 12C 30th anniversary edition, & 12 C Prestige) or TI BAI Plus (or BA II Plus professional) are the only ones acceptable in the CFA exam. Please get yourself familiar with the calculator of your choice.

Finally, you need to have a burning desire to pass the exam in June 2018, not “at some point in future”.

4 Requirements

Class Participation: All students are expected to contribute. This includes participating actively in class discussions, problem solving, as well as presentation of reading assignments. All students are required to lead at least 3 class sessions. Additional information about participation is detailed in this syllabus under the heading “Course Format”.

Except those classes led by me, each class will have two class leaders. The responsibilities of the class leaders are: (a) to prepare all necessary reading materials one week prior to class; (b) to prepare lecture; and (c) to lead discussions for problem solving. Do not waste time on PPT slides,

etc. Make the 90 minutes useful to yourselves and others. The best way to understand any topic is to be able to teach the topic to others.

Please sign up as class leaders at the first class. Please bear in mind that (a) pick a topic that you are interested in learning, so you will complete the assignment and will be able to conduct lectures and lead class discussions; and (b) sign up early in the semester if you are an undergraduate student (you have too much to do at the end of the semester, so a delay might hurt your ability to do a good job).

Please bear in mind that you are getting a grade for a 3-credits class. The minimum requirements such as attendance and preparation for the class need to be strictly enforced. Please also remember to submit your homework and submit weekly progress reports via Laulima prior to start of class.

Course Format: The following format will be adopted:

1. 6:00 - 7:30 pm: discussion and presentation on new materials
2. 7:30 - 8:45 pm: quizzes on old materials
3. 8:45 - 9:00 pm+: go over quiz

Please make sure you prepare for class by doing the following:

1. Read the CFA Study Guide assigned readings each week before coming to class.
2. Prepare answers to all of the (LOS) learning outcome statements in your own words
3. Work through all of the problem sets that are assigned in the guide. Do not look at the solutions until you have done all of the problems. Every problem looks easy once you know the answers.
4. Prepare your weekly progress report and submit it online via Laulima prior to class.

Examinations: There will be two exams: a midterm and a final exam. (See schedule below for dates.) The exams mimic the actual CFA exam: hence they are closed-book and closed-note. Other than the financial calculator, no computer, cell phone, tablet, or any other computing or communication devices are allowed in the exam. Students must have a written medical excuse to be absent from an exam.

Grading: Your course grade will be based on a reasonable curve over the weighted sum of grades accumulated on the assignments, projects and exams. The weighting scheme is:

- Weekly Reports and Quizzes 30%
- Midterm Exam 20%
- Final Exam (Mock Exam, TBA) 30%
- Class Participation 20%

The guidelines for letter grades are as follows. Plus or minus grades will be used to distinguish performance within letter grades.

- A = demonstrates outstanding mastery of topics and outstanding ability to apply and extend concepts;
- B = demonstrates above-average mastery of topics and ability to apply them;
- C = demonstrates mastery of topics and ability to apply them;
- D = inadequate demonstration of topic mastery and application;
- F = grossly inadequate demonstration of topic mastery and applications.

5 Schedule

The schedule is subject to change as the semester progresses. It is essential that you read the material *before* the class to maximize the effectiveness of the lecture. Students should check the Laulima course website one day before each class meeting.

WEDNESDAY	
<div>Aug 23rd</div> [Study Session (SS) 2, Readings 6-9] Syllabus, Introduction, Discussion of the CFA Exam, Quantitative Methods #1: Basic Concepts <i>Class Leader: Jiakai Chen</i>	1
30th [SS 3, Readings 10-13] Quantitative Methods #2: Application <i>Class Leader: Jiakai Chen</i>	2
<div>Sep 6th</div> [SS 6, Readings 21-23] Financial Reporting and Analysis #1: An Introduction <i>Class Leader:</i>	3
13th [SS 7, Readings 24-27] Financial Reporting and Analysis #2: Income Statements, Balance Sheets, and Cash Flow Statements <i>Class Leader:</i>	4
20th [SS 8, Readings 28-31] Financial Reporting and Analysis #3: Inventories, Long-lived Assets, Income Taxes, and Non-current Liabilities <i>Class Leader:</i>	5
27th [SS 9, Readings 32-33] Financial Reporting and Analysis #4: Financial Reporting Quality and Financial Statement Analysis <i>Class Leader:</i>	6
<div>Oct 4th</div> [SS 5, Readings 18-20] Economics #2: Monetary and Fiscal Policy, International Trade, and Currency Exchange Rates <i>Class Leader:</i>	7
11th No class	

WEDNESDAY	
18th Midterm	8
25th [SS 10, Readings 34-36] Corporate Finance #1: Corporate Governance, Capital Budgeting, and Cost of Capital <i>Class Leader:</i>	9
Nov 1st [SS 11, Readings 37-38] Corporate Finance #2: Leverage and Working Capital Management <i>Class Leader:</i>	10
8th [SS 12, Readings 39-43] Portfolio Management <i>Class Leader:</i>	11
15th [SS 13, Readings 44-46] Equity #1: Market Organization, Indices, and Efficiency <i>Class Leader:</i>	12
22nd [SS 14, Readings 47-49] Equity #2: Equity Analysis & Valuation <i>Class Leader:</i>	13
29th [SS 15 & 16, Readings 50-55] Fixed Income: Basic Concepts & Analysis of Risk <i>Class Leader:</i>	14
Dec 6th [SS 1, Readings 1-5] Ethics <i>Class Leader:</i>	15

There are 18 study sessions in total. We will cover the most important or difficult 15 study sessions of them, and left 3 study sessions for your self-study. Those 3 sessions are

- SS 4, Readings 14-17, Economics #1: Microeconomics and Macroeconomics. This is probably the easiest content which you have all studied in ECON courses, then and applied in other business courses.
- SS 17, Readings 56-57, Derivatives. The second shortest study session.
- SS 18, Readings 58, Alternative Investments. The shortest study session.

6 Administration

Students with Disabilities: Students with disabilities are encouraged to contact me and the KOKUA Program for accommodations. For more information about the KOKUA Program, visit <http://www.hawaii.edu/kokua/>. Any student with special needs should bring this to the attention of the instructor as soon as possible, but not later than the second week of class.

Academic Honesty: Students are expected to be responsible in relations with other members of the UH Manoa community, respect the interests of the institution, and follow the Student Code

of Conduct, which is available at: http://www.studentaffairs.manoa.hawaii.edu/policies/conduct_code/. Violations of this code include matters of alleged academic dishonesty, such as cheating and plagiarism. According to the Code of Conduct:

The term "cheating" includes, but is not limited to: (1) use of any unauthorized assistance in taking quizzes, tests, or examinations; (2) use of sources beyond those authorized by the instructor in writing papers, preparing reports, solving problems, or carrying out other assignments; (3) the acquisition, without permission, of tests or other academic material belonging to a member of the UH faculty, staff or student (4) engaging in any behavior specifically prohibited by a faculty member in the course syllabus or class discussion.

The term "plagiarism" includes, but is not limited to, the use, by paraphrase or direct quotation, of the published or unpublished work of another person without full and clear acknowledgement. It also includes the unacknowledged use of materials prepared by another person or agency engaged in the selling of term papers or other academic materials.

All incidents will be handled in accordance with the UH Student Code of Conduct.