

Investments

FINA 3303

Fall 2022

Syllabus

Instructor

Office:
Phone:
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Office Hours:

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Mondays 3:00-4:00 p.m.
Thursdays 2:00-3:00 p.m.
or by appointment or Zoom

Class Information

Times & Locations:

Monday, Wednesday, & Thursday
8:00-9:05 a.m. and 9:15-10:20 a.m.

Prerequisites:

Dodge 070 and Dodge 130
FINA 2201 or equivalent

Course Description

Focuses on investment management as the study of risk and return of financial securities and real assets. Students design and assess models that evaluate investments while recognizing the constraints of the real world. Explores domestic and international financial markets and the securities traded therein. Discusses techniques for valuation of financial assets. Analyzes qualitative concepts such as market efficiency, intrinsic value, and risk. Provides the ability to build unique valuation models to suit the particular investment alternative that students wish to scrutinize. Also stresses portfolio construction, management, and protection, as well as performance assessment. During the semester, students have an opportunity to create and manage a stock portfolio.

Course Objectives

This is an introductory course in investments. The aim is to learn investing concepts, techniques, and applications that professional and individual investors employ. Many of the techniques will serve the students well regardless of their fields. In learning these techniques, it is incumbent on the students to understand when it is appropriate to apply them and how to evaluate the techniques' strengths and weaknesses. Some of the techniques students will learn include:

- How to evaluate risk
- How to value an asset
- How to calculate price sensitivities
- How to measure performance

Learning Objectives

- Understand and calculate various risk and return measures and apply them to the financial decision-making process within the financial service arena.
- Understand the basic concepts of the various money market and capital market securities and their relationship to risk/return tradeoffs.
- Communicate effectively and comfortably using the language of finance.

To assist students with becoming acquainted with the tools used in industry, students are encouraged to do the quantitative portions of problem sets on spreadsheet programs. Students are also encouraged to communicate any questions or comments to me through e-mail. I will respond as quickly as I can by return e-mail.

Students should already be comfortable with spreadsheets, regression analysis, and discounting cash flows.

Required Materials

Investments, 12th edition by Bodie, Kane, & Marcus with **CONNECT**

Financial calculator required and HP 12C recommended

Using Connect with a CANVAS Course

- To get started, click the first CONNECT assignment in CANVAS course. You'll be prompted to either login with an existing Connect account username and password, or to create a new account. Then enter your access code, purchase access online or begin your 14-day Courtesy Access period. Once you've completed your selection, you'll arrive at the start of your first Connect assignment.

Recommended Materials

- The Economist or Financial Times*
- Bloomberg Terminal*

Evaluation

Students Choose Grade Weights

	<u>Ranges</u>	<u>Benchmark</u>
Problem Sets	15-45%	30%
Exams	30-70	50
Class Participation	10-30	20

Grading portfolio weights will be chosen by each student to determine their grade. Portfolio weight decisions must be made when before the first assignment. The weights chosen must add up to 100%. You will receive the higher of your grade portfolio weighted grade or the benchmark weighted portfolio grade.

Example

Your Grade Portfolio

	<u>Points</u>	<u>Total</u>	<u>Grade</u>	<u>Weights</u>		<u>Contribution</u>
Problem Sets	182	200	91%	45%	=	41.0%
Exam	150	200	75%	30%	=	22.5%
<u>Participation</u>	<u>68</u>	<u>80</u>	<u>85%</u>	<u>25%</u>	=	<u>21.3%</u>
			100%	TOTAL		84.7%

Benchmark Weights

	<u>Points</u>	<u>Total</u>	<u>Grade</u>	<u>Weights</u>		<u>Contribution</u>
Problem Sets	182	200	91%	30%	=	27.3%
Exam	150	200	75%	50%	=	37.5%
<u>Participation</u>	<u>68</u>	<u>80</u>	<u>85%</u>	<u>20%</u>	=	<u>17.0%</u>
			100%	TOTAL		81.8%

Take maximum of benchmark or your grade portfolio to get final grade. In the example, your grade portfolio provides an 84.7% and the benchmark is 81.8%. The 84.7% will be used in calculating the student's grade. Like investing you cannot change your portfolio nor can you add or subtract from the

portfolio. The translation to class is invest in what you do best. There are no dropped assignments nor extra credit.

Problem Sets & CONNECT

- Problem set grading will consist of CONNECT problems, assignments, and investment portfolio analysis.
 - For the CONNECT homework (35%), you will have 2 attempts and the highest score will be recorded. After each attempt, you will see total scores, question responses with scores, and correct or incorrect indicators.
 - Assignments (65%) will be due at 11:59 p.m. on the day for which they are assigned. You should submit them on CANVAS in **memo format** through Turnitin. There is a penalty for turning in late problem sets—10% per day after the due date. Assignments are worth a maximum of 50 points each.

Participation & Online Quizzes

- Participation consists of the following:
 - PollEverywhere questions are 70%.
 - CANVAS Miscellaneous are 30%.

Exams

- Exams must be taken when scheduled. Exceptions will only be granted with written approval from a doctor in case of serious illness.
- The final exam will be cumulative.

WARNING: CANVAS Gradebook should not be relied on for your course grade, but only for individual assignments. A progress report will be provided during the semester given your grade portfolio weights.

Any questions on graded assignments or exams must be submitted within one week of receiving the grade and must be in a written communication (electronic or physical).

Tentative Course Outline

<u>Topic</u>	<u>Chapters</u>
Introduction	1-4
Risk & Return	5
Fixed Income	14-16
Equity	17-19
Asset Pricing Models	6-13
Derivatives	20-23
Performance	24

Final (as scheduled)**Disclaimer**

While I am open to suggestions, any changes to the above policies are at my discretion.

Academic Integrity

Academic dishonesty violates the most fundamental values of an intellectual community and undermines the achievements of the entire University. As members of the academic community, students must become familiar with their rights and responsibilities.

Disability Resource Center

The Disability Resource Center serves Northeastern students who have documented disabilities as defined by the Americans with Disabilities Act as Amended (ADAAA) of 2008.