



FINN 3222: Investments

Fall Semester, 2018

Professor: Dr. Yilei Zhang
Office: Friday Building Room 348, phone (704) 687-7638
Email: yzhang74@uncc.edu
Class: Monday & Wednesday 2:30 – 3:45 pm, Friday Room 142
Office Hours: Main Campus: Wednesday 10:00 am – 12:00 pm
Center City: before class at Room 713 faculty cubicles
and by appointment
Course web page: <https://uncc.instructure.com/>

Prerequisites

FINN 3120 *Financial Management*

Access to and familiarity with web browsers, a spreadsheet program and a word-processing program.

Course Objectives and Approach

A sound understanding of investments is an essential component of any finance education. The principles learned in this course will be necessary in most of your subsequent finance courses. In addition, I hope and expect that you will find the tools from this course useful as you make personal investment decisions. Specifically, we will focus on investing in stocks, bonds, and mutual funds with an emphasis on:

- The markets in which the securities are traded, and methods used to buy and sell securities
- Techniques for analyzing the risk and return characteristics of individual securities
- Optimal methods for combining securities in a portfolio
- Modern portfolio theory
- Pricing models for bonds and stocks
- Risk management
- Performance evaluation methods

The content of the course is covered through lectures and the students' own efforts. Materials presented in class are a blend of the topics covered in the textbook and other sources.

Class Expectations

- Please make every effort to arrive on time.
- Please turn off your cell phone before entering classroom.
- Please visit the course website periodically to download the hand-outs, assignments and other course materials.

Course Materials

- Course Lecture Notes (required): The course lecture notes are available on *Canvas* (<https://uncc.instructure.com/>). It is the student's responsibility to download and print them from the course webpage on *Canvas*. I expect you to arrive in class each week with the material for that week. All other class material (e.g., class assignments and excel templates) will be distributed through *Canvas*.
- Practice Questions (required): Each class lecture note has a corresponding practice questions (and answers) file. The practice questions focus on the key concepts problem solving skills in my lecture notes and working through them is an essential part of the course. You are NOT required to turn in your work on the practice questions. For your sake, please resist the temptation to simply look at the solutions to the problems without having worked them yourself.
- Calculator (required): You need to acquire a financial calculator and bring it to each class. The class examples will use a BA II Plus.
- Textbook (*recommended*): **Essentials of Investments**, 10th Edition; Bodie, Kane and Marcus (BKM); McGraw-Hill/Irwin, 2016; ISBN: 978-0077835422.
- Textbook reading and end-of-chapter practice questions (optional): The following course schedule shows the chapter(s) and relevant end-of-chapter practice questions of the textbook for each lecture. Solutions of the end-of-chapter practice questions are posted on *Canvas*. It is not mandatory but you are encouraged to read the material and do extra practice.

Evaluation

Your final grade will be based on two midterm exams, a final exam, homework assignments, EquitySim project, and quizzes and class participation according to the following schedule:

Item	Points	Exam date / Assignment due date
Exams		
Mid-term exam 1	20 Points	September 26 th
Mid-term exam 2	20 Points	October 31 st
Final exam	20 Points	December 10 th
Homework assignments (individual)		
Assignment 1	6 Points	September 22 nd
Assignment 2	6 Points	October 27 th
Assignment 3	6 Points	December 1 st
EquitySim project (group)		
Investment policy statement	5 points	September 9 th
Trading activity	7 points	Sept. 10 th – Nov. 9 th
Report	5 Points	December 5 th
Quizzes and participation	5 Points	
Total	100 Points	

Grading scale: Your overall numerical grade will be rounded to the nearest integer and then converted to a letter grade according to the following table:

Letter Grade	A	B	C	D	F
Range of Numerical Grade	90+	[80, 89]	[70, 79]	[60, 69]	< 60

I reserve the right to curve the exam scores.

Exams: There will be three *non-cumulative* exams. Midterm exams will be given during regular class meeting time. The final exam will be administered according to the UNCC Final Examination Schedule. Exams will be closed book and closed notes. Students are allowed to bring a financial calculator and a letter-sized piece of paper with formulae and notes (you may use both sides of the paper).

Homework assignments (individual assignments): Each student should work on the assignments *independently*. Further details on the assignments are forthcoming. Assignments should be submitted electronically to *Canvas* following the requirements as specified in the instructions. You are expected to submit on or before the due date. Late assignments will have the grade lowered by 10% per day. No excuse for late submission will be considered.

EquitySim Project (group project): Participate in a real time, play money investment project using the EquitySim platform (<http://www.EquitySim.com>). You have the choice of managing your portfolio yourself or teaming with classmate(s) for the EquitySim experience. This platform is set up like an online discount brokerage and should provide a great learning experience. The learning objectives and requirements of the simulation activity will be provided as the course commences.

Quizzes and participation: students are expected to attend all classes and to actively participate in class discussions. Unannounced, open-book quizzes over lectures and practice problems will be given during any class period. *There will be no make-up opportunities for missed quizzes.* Students attending 80% of the quizzes will get full credit (5 points). Students will get 1 bonus point for 90% attendance, and 2 bonus points for 100% attendance.

Make-up Policies for Exams

Make-ups for exams may be requested for valid excuses only. All excuses must have verifiable documentation. Foreseeable excuses (e.g. athletes on traveling squads) must be documented and requests be received at least one week in advance of the exam. The only acceptable unforeseen excuses for exams are death or serious illness in the family or a student illness. These also must be documented (e.g., by a death announcement or doctor's letter). If you miss the final for a legitimate reason, you will be given an "Incomplete" and a makeup final will be arranged accordingly. A student missing a test with an unexcused absence will receive a score of zero.

When You Need Help

Please seek assistance if you have any questions about course material or difficulties with the concepts. This includes questions during class, office hours or appointments, by e-mail, before you hand in assignments, and after you receive your grade. Your preparation and willingness to interact with me really helps to keep us on track and in tune with each other during the lecture sessions.

Statement on Disability Accommodations

UNC Charlotte is committed to access to education. If you have a disability and need academic accommodations, please provide a letter of accommodation from Disability Services early in the semester. For more information on accommodations, contact the Office of Disability Services at 704-687-0040 or visit their office in Fretwell 230.

Codes of Conduct

All students are required to read and abide by the UNC Charlotte Code of Student Academic Integrity and the UNC Charlotte Code of Student Responsibility (<http://legal.uncc.edu/policies/up-407>). Violations of the Codes will result in disciplinary action as provided in the Codes.

It is the students' responsibility to be fully and accurately informed of University policies, including, but not limited to, rules regarding dropping and adding classes, graduation requirements, and student conduct. The Dean of Students Office is the authoritative source for these policies.

Statement on Diversity

The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.

Course Schedule

The schedule is subject to change and topics may be added/omitted depending on the pace of the class. BKM stands for the Bodie, Kane and Marcus textbook.

Week	Date	Topics	Readings (end of chapter questions)
1	8/22	Introduction to the course and EquitySim project	BKM Ch. 1 (Q3, 5, 7), Ch.22 (CFA 3, 4, 7, 8)
2	8/27	EquitySim project (<i>cont.</i>) Lecture 1. Investment: background & issues	
	8/29	Lecture 2. Asset classes and financial instruments	BKM Ch. 2 (Q3, 12, 17a&b, 18a&b, 19, 20a, 22, 23, 27)
3	9/3	Labor day – no class	
	9/5	Lecture 2 (Cont.)	
4	9/10	Lecture 3. How securities are traded EquitySim “Investment policy statement” due on 9/9; EquitySim trading starts on 9/10	BKM Ch. 3 (Q4, 6, 9, 10, 12, 15-19, 22)
	9/12		
5	9/17	Lecture 4. Mutual funds	BKM Ch. 4 (Q1, 5, 8, 11-13, 16, 18, 19, 21, 24, 26)
	9/19	Lecture 4. Mutual funds	
6	9/24	Review; Homework 1 due on 9/22	
	9/26	1st midterm exam	
7	10/1	Lecture 5. Risk and Return	BKM Ch. 5.1 – 5.3 (Q2, 5, 6a, 7a, 9; CFA 7-9, 11)
	10/3	Lecture 6. Diversification and Risky Asset Allocation	
8	10/8	Student Recess – no class	
	10/10	Lecture 6 (Cont.)	
9	10/15	Lecture 7. Asset pricing models	BKM Ch. 7 (Q3-9, 24, 32, 33; CFA 1, 2, 4-6, 10-14)
	10/17		
10	10/22	Lecture 8. Performance evaluation Review; Homework 2 due on 10/27	BKM Ch. 18 (Q3, 5, 7, 10, 16)
	10/24		
11	10/29	2nd midterm exam	
	10/31		
12	11/5	Lecture 9. Bond prices and yields; Fixed-income investment management	BKM Ch. 10 (Q4-6, 8, 9, 20, 32) and Ch. 11 (Q2, 4, 6, 8, 9, 11, 12, 19)
	11/7		
13	11/12	Lecture 10. Common stock valuation EquitySim trading ends on 11/9	BKM Ch. 13 (Q1, 2, 4, 5, 7, 9, 11, 17, 18, 21)
	11/14		
14	11/19	Thanksgiving – no class	
	11/21		
15	11/26	Lecture 11. Stock options Homework 3 due on 12/1	BKM Ch. 15 (Q3-7, 13, 14, 24, 25; CFA1, 2)
	11/28		
16	12/3	Lecture 12. Futures market	BKM Ch. 17
	12/5	Wrap-up and review EquitySim report due on 12/5	
Final	12/10	2:00 – 4:30 pm	