



University of North Carolina at Charlotte

Belk College of Business

FINN 3222 – 001 INVESTMENTS

Spring 2020

<u>Course Time:</u>	Tuesday & Thursday 11:30 am - 12:45 pm
<u>Location:</u>	Cameron Hall 101
<u>Professor:</u>	Dr. Yufeng Han
<u>Office Location:</u>	Friday Building 340A
<u>Telephone:</u>	(704) 687-8773
<u>E-mail:</u>	yhan15@uncc.edu
<u>Office Hours:</u>	Tuesday 3:00 – 5:00 pm by appointment

This syllabus contains the expectations, policies, procedures, and schedule for FINN 3222 - 001. Please read the entire syllabus carefully before continuing in this course. The policies and expectations stipulated in this syllabus are intended to create a productive learning atmosphere for all students. Students are expected to abide by these policies and expectations.

The standards and requirements set forth in this syllabus may be modified at any time by the instructor. Notice of such changes will be announced in class and on Canvas course website.

Course Description:

This course is an introduction to theory and practice of investment decisions of individuals and professional fund managers. Topics include: portfolio theory and capital market pricing theory, efficient market hypothesis, stock valuation, and portfolio performance evaluation.

Course Objective:

After successful completion of the course, students should be able to achieve the following learning outcomes.



1. Understand various financial securities and the markets in which the securities are traded, and methods used to buy and sell securities
2. Techniques for analyzing the risk and return characteristics of securities
3. Optimal portfolio construction and Mean-Variance analysis
4. Discuss key considerations of asset allocation for individual and institutional investors
5. Apply CAPM and multifactor models in investment analysis
6. Discuss basic strategies of equity portfolio management and evaluation

Textbook:

Essentials of Investments, 10th edition (Required)

Zvi Bodie, Alex Kane, and Alan J. Marcus. McGraw-Hill, 2016.

ISBN-10: 0077835425, ISBN-13: 2900077835421

Website:

<http://www.mheducation.com/highered/product.M0077835425.html?searchContext=essentials+of+investments>

Wall Street Journal or *Financial Times* (recommended)

Lecture Notes:

Most of the teaching materials including lecture notes, other reading materials, and homework assignments and solutions will be available on Canvas. Please make sure that you can access Canvas at the beginning of the semester. I will not bring extra lecture notes to class, so please, download the lecture notes and review them before coming to class. Please also make sure that you can receive emails from Canvas.

Course Procedure:

Lecture/discussion is the primary format of class sessions in this course. Students are expected to read the assigned readings before (and certainly also after) attending the class and bring questions to class. Students are encouraged to ask questions throughout the class period and gain deeper understanding on the class materials.

Students are expected to behave professionally in the classroom. Any disruptive behavior may lead to banning from further class participation.



All cell phones, pagers, and other electronic communication devices must be put in silence mode and put away upon entering the class unless previously approved by the instructor. You may only use your smartphone as a calculator or for answering poll questions in class.

Students are permitted to use tablets or laptops for reading lecture notes and taking additional notes but are not allowed to engage in any activities not related to lecturing, such as surfing the internet, talking with others online, or checking emails. Those who persistently violate the policy must leave the classroom for the remainder of the class period.

Homework, Exams, and Project:

Homework:

After each class, a list of problems from the chapter(s) discussed in class will be assigned on Canvas. Students are required to work on the homework and turn in their homework assignments on time. Homework solutions will be posted on Canvas later during the week. Students are expected to check their works against the solutions and correct any mistakes in their works, and are encouraged to seek helps from the instructor if running into difficulties.

Students are strongly discouraged to review the solutions without first trying to solve the problems. Please **turn in a corrected hand-written copy of the homework assignment in class**. A corrected assignment is the one that is either marked with correct solutions or with a check if your answer is correct. Copying directly from the solutions is strictly prohibited. Homework grading is based on completeness of the assignment not on the correctness. We will discuss the difficult homework problems in class if time permits.

Exams:

There will be three exams. All exams are in-class, closed-book, and closed-notes. Students are required to bring a (preferably financial) calculator (no smartphone) and can bring one sheet of letter-sized paper with whatever the students can type on one side with the font size no smaller than 12. If hand-writing, the size should not be smaller than an equivalent of 12. The cheat sheet will be collected, and any violation will be penalized up to 5 points. See the last page of the syllabus for the exam dates.

The exams are based on homework problems and lecture notes, and are designed with multiple-choice (MC) questions and calculation or essay questions. The exams are not



cumulative not comprehensive. The coverage of each exam is listed on the last page but is subject to changes depending on the actual progress of the class. The exam copies will not be returned to students; however, students will have an opportunity to review their first two exams in class and can request to review the last exam with the instructor.

Virtual Portfolio Management Group Project:

[HowTheMarketWorks.com](https://www.howthemarketworks.com) is designed to introduce students to the security markets through its educational center and its free virtual trading simulation. Our virtual trading will begin on January 16 and end on April 16. Please note that the registration will be closed on February 15. Please use the following link to register for a free account and join the contest before February 15, <https://www.howthemarketworks.com/register/170428> (look for FINN 3222 001 Spring 2020, use password 3222). Students should form a group of two to register, one group per registration.

Trading: each group is required to trade no less than five times during the semester and owns at least five securities at the end of the semester. In addition, the first trade must be made by February 28, and the minimum trading size is \$2500. These are the minimal requirements; students can trade more and own more securities. However, when working on the written report, students need to calculate the daily values of their portfolios, and therefore too much trading makes it hard to do that. On the other hand, more active trading may increase your chance of beating the market and win bonus points described below. A spreadsheet will be provided to help students work on the project.

Report & Presentation: the project and performance of your virtual portfolio should be discussed in a written report and will be presented in class. The detailed requirements are discussed in a separate file on Canvas.

The project will be evaluated not based on the performance of your portfolio, but on whether or not you correctly evaluate your portfolio performance. However, since it is a contest after all, there is a reward system. Any group with performance higher than the market (proxied by S&P 500 index or ETFs) on risk-adjusted bases (including Sharpe ratio, Jensen's alpha, etc.) will earn a bonus credit of 2 points in their final grades. The group with the best performance will earn another 2 points. There are additional up to 5 bonus points for using special trades discussed in the separate file on Canvas.

Note that any report should discuss the stock picking process. Simply copying a list of stocks from somewhere (e.g., an investment newsletter) would disqualify the project for earning the bonus credits, but it would not affect the project credits.



Assignment Policy:

1. When assignments are to be turned in, they are due at the beginning of the class.
2. Although group discussion is encouraged, students are required to finish the assignments on their own.
3. Students are expected to write clearly the steps toward the solutions in assignment and exams. Failure to comply with this requirement such as only writing down the answer without steps or justification will result in loss of credits.

Class Attendance:

Students are expected to attend every class and remain in class for the duration of the session. Failure to attend class or arriving late or leaving earlier may impact your ability to achieve course objectives which could affect your course grade. An absence, excused or unexcused, does not relieve a student of any course requirement. Regular class attendance is a student's obligation, as is a responsibility for all the work of class meetings, including tests and written tasks.

This course will use Poll Everywhere to record attendance and assign attendance credit. There will be no make-up opportunities for any missed attendance assignments. Students will earn up to three bonus credits for correctly answering the poll questions. Please log into <https://polleverywhere.com/login>. Students should download the Poll Everywhere app and are expected to use the app to respond. Note that the website doesn't seem to work well for responding to the poll questions.

Make-up exams are strongly discouraged. Please make arrangement so that you can take the exams. If you have to miss an exam for documented situations related to medical, psychological, personal crisis, or military absences, permission must be obtained from the instructor prior to the exam unless there is an emergency. No make-up exam will be given if the student fails to inform the instructor in advance. In case of an emergency, the student should inform the instructor as soon as possible. All make-up exam requests should be accompanied by verifiable documentation, which can be obtained from the Dean of Students Office.



Grading Policy:

Grades of all assignments, exams, and projects will be posted on Canvas shortly after grading. The final score will be determined as follows:

Grade breakdown:

Homework:	10%
Exams:	20% each
Project:	20%+2%+2%+5%
Attendance:	10%+3%

Grading scale: Your final numerical grade will be converted to a letter grade according to the following table, but the instructor reserves the right to curve any grades before assigning the letter grade.

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

Academic Honesty:

All students are required to read and abide by the Code of Student Academic Integrity. This Code forbids cheating, fabrication or falsification of information, multiple submission of academic work, plagiarism, abuse of academic materials (such as Library books on reserve), and complicity in academic dishonesty (helping others to violate the Code). Violations of the Code of Student Academic Integrity, including plagiarism, will result in disciplinary action as provided in the Code. Definitions and examples of plagiarism are set forth in the Code. The Code is available from the Dean of Students Office or online at <http://www.legal.uncc.edu/policies/ps-105.html>.

Accommodations for Disability:

Students with disabilities requiring accommodations, must first contact the Office of Disability Services (phone 704-687-4355, 230 Fretwell Building). The staff will assist you in both determining reasonable accommodations as well as coordinating these accommodations.



Belk College 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.

Preferred Gender Pronoun:


This course affirms people of all gender expressions and gender identities. If a student prefers to be called a different name than what is indicated on the class roster, please let the instructor know. Feel free to correct the instructor on your preferred gender pronoun. If you have any questions or concerns, please do not hesitate to contact the instructor.

Suggestions to Students:

1. Check your university email account and announcements on Canvas often and at least before coming to class for most recent news and changes about the course.
2. Ask questions early and often - It is "free" (no extra cost) to get help from the instructor.
3. 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.
4. Practice and practice - It is the key to success. You should make sure that you can solve all the homework problems without any help - either from the book or someone else.
5. Again, homework solutions are meant to help you working on the problems but are not an excuse for no working on the problem.

Tentative Schedule

The following class schedule reflects my best estimate of the time required to cover each topic. However, I reserve the right to make any necessary changes to the schedule including changing the topics covered as the semester progresses. Any changes will be announced on Canvas and in class before it happens. Note that the dates for the exams given below are firmly fixed, while the exam coverages may be subject to change.

Week	Date	Topics	Readings
1	Jan - 09 (R)	Syllabus & Policy Discussion	Syllabus
2	Jan - 14 (T)	L1: Investment: Background & Issues	Ch 1
	Jan - 16 (R)		
3	Jan - 21 (T)	L2: Asset Classes and Financial Instruments	Ch 2
	Jan - 23 (R)		
4	Jan - 28 (T)	L3: Security Markets	Ch 3
	Jan - 30 (R)		
5	Feb - 04 (T)	L4: Mutual Funds and Other Investment Companies	Ch 4
	Feb - 06 (R)		
6	Feb - 11 (T)	Exam 1: Chapters 1 - 4	
	Feb - 13 (R)		
7	Feb - 18 (T)	L5: Risk and Return: Past and Prologue	Ch 5
	Feb - 20 (R)		
8	Feb - 25 (T)	L6: Efficient Diversification (I)	Ch 6
	Feb - 27 (R)		
9	Mar - 03 (T)	Spring Break (No Class)	
	Mar - 05 (R)		
10	Mar - 10 (T)	L6: Efficient Diversification (II)	Ch 6
	Mar - 12 (R)		
11	Mar - 17 (T)	Review for Exam 2	
	Mar - 19 (R)	Exam 2: Chapters 5 - 6	
12	Mar - 24 (T)	L7: Capital Asset Pricing and Arbitrage Pricing Theory	Ch 7
	Mar - 26 (R)		
13	Mar - 31 (T)	L8: Portfolio Performance Evaluation	Ch 18
	Apr - 02 (R)		
14	Apr - 07 (T)	L9: The Efficient Market Hypothesis	Ch 8 & 9
	Apr - 19 (R)		
15	Apr - 14 (T)	Presentation	
	Apr - 16 (R)		
16	Apr - 21 (T)		
	Apr - 23 (R)		
17	Apr - 28 (T)		
18	May - 05 (T)	Exam 3: Chapters 7, 8, 9, 18 (11:00 - 1:30 pm)	
			