

TERRY COLLEGE OF BUSINESS
UNIVERSITY OF GEORGIA

FINA 4310
Survey of Investments
Course Syllabus – Fall 2008

Professor: Tyler Henry
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I. Course Description and Objectives

The focus of the course is investment theory and its applications. An emphasis will be placed on skills relevant to portfolio management and analysis. This will include an introduction to modern portfolio theory, asset pricing models, and methods to evaluate investment performance. Implications of and challenges to market efficiency will be discussed. Accordingly, we will address the following issues:

1. Securities, Markets, and Trading
2. Fixed Income Securities
3. Portfolio Theory
4. Asset Pricing Models
5. Market Efficiency
6. Limits to Arbitrage and Behavioral Finance
7. Portfolio Performance Evaluation
8. Derivatives: Futures and Options

Finance is a quantitative discipline, which will be reflected in this course. Success as a financial practitioner hinges on mastery of quantitative techniques. The topics in this course will incorporate methods and concepts covered in your previous finance, economics and accounting courses. A basic understanding of simple statistical measures such as means, variances, covariances, and regression models is assumed.

Prerequisites: FINA 3000 and (MSIT 3000 or STAT 3000).

II. Course Materials

Required

Essentials of Investments, 7th Edition, by Bodie, Kane, and Marcus.

Stocktrak Portfolio Simulation Account

Recommended

Although not required, it is recommended that you read (regularly) a financial publication such as *The Wall Street Journal*, *Barron's*, or other business periodicals to see how the concepts covered in class are applied in actual business settings. These publications will give you a feel for the issues that face today's business leaders.

III. Course Requirements and Grading:

Course grades will be based on 3 midterm exams, a portfolio trading exercise and presentation, and a comprehensive final exam. Grades will be assigned on a plus/minus scale.

Midterm 1 – September 18th	20%
Midterm 2 – October 16th	20%
Midterm 3 – November 13th	20%
Stocktrak Trades, Analysis, and Presentation	20%
Final Exam - As scheduled by the Registrar	20%

Exams:

There will be three midterm exams and one comprehensive final exam. The exams will consist of material from assigned readings, class notes, and suggested practice problems. I will assign problem sets, which will not be collected or graded, but will prepare you for the exams. The suggested problems and problems done in class will be reflective of the problems on the exams. As such, mastery of the problems is crucial to success on the exams.

Exams are scheduled on set dates during class time, so please plan accordingly. Students are required to take exams at the scheduled time. There will be NO make-up exams or alternative assignments. A missed exam will result in a score of zero. Under extreme or emergency situations, such as a serious illness that requires *prolonged* medical care, you will receive extra weight on the final exam provided that sufficient documentation is provided. This includes both a formal note **and** a phone call from the proper authority, such as a physician. Note that a one-time visit to the health center the day of the exam will likely not qualify as an emergency situation. Also note that the difficulty of the exams increases as the semester progresses, culminating with the final exam.

Investment Simulation Exercise:

We will run an ongoing portfolio simulation exercise over the course of the semester. Each student will be part of a trading group (approximately 4 students), which will maintain a portfolio of securities and document trades made throughout the semester. Groups will be formed in class on the day we discuss the exercise guidelines. More details to follow.

Presentation:

At the end of the semester, each trading group will be required to put on a professional presentation highlighting their results. The content of the presentation should include the group's investment strategy, how their trades were applied to achieve this goal, and a formal analysis of their performance using portfolio evaluation techniques.

IV. Course Policies

Important Registration Dates

Drop Deadline

August 21st

Add Deadline

August 22nd

Withdrawal Deadline

October 23rd

Withdrawal Policy:

Students who withdraw from class after the drop/add deadline will receive a grade of WP or WF commensurate with performance. In other words, the grade assigned for a withdrawal after the first exam will be determined by the performance on the exam.

Attendance and Participation:

Attendance will not be actively monitored, but students are responsible for all material presented during class, including any materials passed out or changes to the schedule announced during class. While the general method of instruction is lecture, the classroom environment is interactive. Students are expected to come to class prepared, having already read the chapter and thought about the issues of the day. Class participation is not explicitly graded, but may be used to determine grades at the margin.

I will provide lecture slides (which can be downloaded from the class website) so that you are able to focus on the topic at hand, ask perceptive questions, and answer questions posed of you. Actively thinking about what we're talking about while we're talking about it should enhance the learning process. Keeping abreast of current events is a good way to contribute to class discussions. The pace of the course is fast. Pre-class preparation will greatly contribute to your ability to process the material, some of which is rather difficult.

Office Hours

I encourage you to take advantage of office hours. It is very easy to clarify matters in a one-on-one setting. If you are unable to attend scheduled office hours, arrangements are easily made to meet at alternative times.

Academic Honesty

All academic work must meet the standards contained in "A Culture of Honesty." All students are responsible to inform themselves about those standards before performing any academic work. Any violations will be referred to the Office of the Vice President for Instruction. This is a no-brainer, don't violate these policies. The return to academic dishonesty is miniscule; the risk is huge. The policies can be reviewed at:

http://www.uga.edu/honesty/ahpd/culture_honesty.htm

Additional Information and Disclaimers:

- Any questions regarding grading must be submitted in typed, written form, by the class following the receipt of the grade, explaining why you think the question is inaccurate or the correct answer is wrong. You will need to clearly explain why the grading was incorrect.
- Requests for re-grading will result in a re-grade of the entire exam, so your score may go up, down, or be unchanged.
- The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.
- Requests for special testing accommodations at the Disability Resource Center must be made with a scheduled visit to my office (with all appropriate documentation) in the first 2 weeks of the semester.

Tentative Course Schedule*

Week	Day	Date	Topic	Corresponding BKM Chapter	Corresponding Lecture Notes
1	T	8/19	Introduction to Investments		1
	R	8/21	Financial Instruments	2	2
2	T	8/26	Markets and Trading	3	3
	R	8/28	Mutual Funds	4	4
3	T	9/2	Fixed Income Securities	10	5
	R	9/4	Bond Portfolio Management	11	5
4	T	9/9	Duration Hedging		5B
	R	9/11	Swaps	17.6	5
5	T	9/16	Catch up / Review		
	R	9/18	EXAM 1		
6	T	9/23	Risk and Return	5	6
	R	9/25	Risk and Return	5	6
7	T	9/30	Diversification	6	6
	R	10/2	Diversification	6	6
8	T	10/7	Asset Pricing Models	7	7
	R	10/9	Asset Pricing Models	7	7
9	T	10/14	Catch up / Review		
	R	10/16	EXAM 2		
10	T	10/21	Market Efficiency	8	8
	R	10/23	Market Efficiency	8	8
11	T	10/28	Limits to Arbitrage	9	9
	R	10/30	Performance Evaluation	18	10
12	T	11/4	Performance Evaluation	18	10
	R	11/6	Treynor-Black Model		10
13	T	11/11	Catch up / Review		
	R	11/13	EXAM 3		
14	T	11/18	Derivatives: Options	15, 16	11
	R	11/20	Derivatives: Futures	17	12
15	T	11/25	No Class: Thanksgiving		
	R	11/27	No Class: Thanksgiving		
16	T	12/2	Presentations		
	R	12/4	Catch up / Course Review		

*This is a tentative class schedule. Topics covered in class, are subject to change. Students are responsible for any changes that are announced during class.