

**University of Texas at Arlington
College of Business**

**FINANCE 5323: INVESTMENTS
SUMMER 2018**

Monday & Wednesday, 8:00 p.m.–10:20 p.m., COB 252

INSTRUCTOR: Dr. Sanjiv Sabherwal

OFFICE: College of Business, Room 614

TEL: 817 272 3705

E-MAIL: sabherwal@uta.edu

OFFICE HOURS: Monday and Wednesday, 7:00–7:55 p.m.; and by appointment.

WEB PAGE: <http://www.uta.edu/faculty/sabherwa/>

COURSE DESCRIPTION

This course focuses on application of principles and techniques of investment management in solving investment problems of individuals and financial institutions. It considers apportionment of investment funds among alternatives, analysis of risk, and valuation of financial securities.

STUDENT LEARNING OUTCOMES

At the conclusion of the course, the students should be able to do the following.

1. Describe the main features of broad classes of financial securities.
2. Discuss the venues and procedures available for trading securities in financial markets.
3. Describe and compare the types of investment companies.
4. Apply the tools for estimating expected return and risk from historical data and assess implications for future investments.
5. Discuss how to decide the proportions of capital to be allocated to a portfolio of risky assets and a risk-free security.
6. Construct the optimal portfolio of risky assets.
7. Describe the relationship between the risk of a financial asset and its expected return, as predicted by the capital asset pricing model.
8. Describe how to value debt securities.
9. Apply the fundamental models used by security analysts for valuation of stocks.
10. Describe the basics of options, their investment characteristics, and popular option strategies.
11. Discuss the benefits and challenges of international investing.

PREREQUISITE

FINA 5311 (Business Financial Management).

REQUIRED TEXTBOOK

Investments by Bodie, Kane, and Markus (Tenth Edition), Irwin Mc-Graw Hill

RECOMMENDED READING

Wall Street Journal, www.bloomberg.com, www.cnbc.com, finance.yahoo.com

COVERAGE

The following topics and chapters from the textbook will be covered.

I. Introduction

Chapter 1 – The Investment Environment

Chapter 2 – Asset Classes and Financial Instruments

Chapter 3 – How Securities are Traded

Chapter 4 – Mutual Funds and Other Investment Companies

II. Portfolio Theory and Practice

Chapter 5 – Risk, Return, and the Historical Record

Chapter 6 – Capital Allocation to Risky Assets

Chapter 7 – Optimal Risky Portfolios

III. Equilibrium in Capital Markets

Chapter 9 – The Capital Asset Pricing Model

IV. Fixed Income Securities

Chapter 14 – Bond Prices and Yields

V. Security Analysis

Chapter 18 – Equity Valuation Models

VI. Options

Chapter 20 – Options Markets: Introduction

VII. Applied Portfolio Management

Chapter 25 – International Diversification

Some of the above chapters will be covered in more detail than others.

COURSE REQUIREMENTS

Quizzes

There will be three quizzes.

Exams

There will be three exams, including two interim tests and a final exam.

The final exam will be **comprehensive**.

The exams will be closed book and closed notes.

You should bring your calculator to the exams. Sharing of calculators and the use of a laptop or any other electronic device will not be allowed.

Internet-Based Assignments

There will be several mini assignments. These assignments will involve collection and analysis of real data from the internet in order to better understand and apply the concepts learned in the course. Details of the assignments and their due dates will be provided via Blackboard and will also be discussed in class.

Homework

End of chapter questions & problems and other questions & problems will be assigned as homework. You do **not** have to submit the solutions to the homework unless I mention otherwise. For greater learning, you should work on the homework before going over the solutions provided by me. Some of the problems on the quizzes and exams will be similar to the problems in the homework.

GRADING

Internet-Based Assignments	10%
Quizzes	15% (5% x 3)
Tests I and II	45% ($22\frac{1}{2}\%$ x 2)
Final Exam (Comprehensive)	30%

No assignment for extra credit will be given to any individual student.

The final letter grade will be based on the following schedule:

90 - 100	A
80 - 89.99	B
70 - 79.99	C
60 - 69.99	D
< 60	F

COURSE SCHEDULE

<u>Week 1</u>		
4-Jun	Monday	Syllabus, Chapter 1
6-Jun	Wednesday	Chapter 2
<u>Week 2</u>		
11-Jun	Monday	Chapter 2, Chapter 3
13-Jun	Wednesday	Quiz 1 (on Chapters 1 and 2), Chapter 3
<u>Week 3</u>		
18-Jun	Monday	Chapter 4
20-Jun	Wednesday	Catchup, Review for the first test
<u>Week 4</u>		
25-Jun	Monday	Test I (on Chapters 1–4), Chapter 5
27-Jun	Wednesday	Chapter 5
<u>Week 5</u>		
2-Jul	Monday	Chapter 6
4-Jul	Wednesday	Independence Day holiday
<u>Week 6</u>		
9-Jul	Monday	Quiz 2 (on Chapter 5), Chapter 7
11-Jul	Wednesday	Chapter 9, Review for the second test
<u>Week 7</u>		
16-Jul	Monday	Test II (on Chapters 5–7 and 9), Chapter 14
18-Jul	Wednesday	Chapter 15
<u>Week 8</u>		
23-Jul	Monday	Quiz 3 (on Chapter 14), Chapter 18
25-Jul	Wednesday	Chapter 20
<u>Week 9</u>		
30-Jul	Monday	Chapter 25, Review for the Final Exam
1-Aug	Wednesday	Final Exam (Comprehensive)

RELEVANT UNIVERSITY CALENDAR DATES

June 21	Thursday	Census Date
July 19*	Thursday	Last Day to Drop Classes

* If you want to receive a “W”, you must drop the class by this date. In accordance with the university policy, I will not give a “W” grade to anyone after this date.

QUIZZES, TESTS AND FINAL EXAM DATES

June 13	Wednesday	Quiz 1
June 25	Monday	Test I
July 09	Monday	Quiz 2
July 16	Monday	Test II
July 23	Monday	Quiz 3
August 01	Wednesday	Final Exam

Quiz and Test dates are subject to change.

NOTES

Audio or video recording of my classes is NOT allowed. Students who wish to record classes under the Americans with Disabilities Act must first contact UTA's Office for Students with Disabilities and provide me official documentation prior to recording a lecture.

There will be no makeup quizzes or tests. If you have to miss a quiz or a test because of an excusable and verifiable reason, you must contact me before the quiz/test. Failing to do so or failing to provide documentation of the reason for absence from a medical doctor or UTA official will result in a grade of zero on the missed quiz/test. If I were to excuse you from a quiz or an interim test, the weight of the missed quiz or test will be added to the weight of the comprehensive final exam.

All cell phones must be turned off and out of sight during class.

During the class, please do not do anything not related to what we are covering in class.

I will often send information via Blackboard/e-mail to your UTA e-mail address. It is your responsibility to check your UTA e-mail account.

I reserve the right to make any modifications to this syllabus.

SYLLABUS ADDENDUM

Academic Integrity:

Students enrolled all UT Arlington courses are expected to adhere to the UT Arlington Honor Code:

I pledge, on my honor, to uphold UT Arlington's tradition of academic integrity, a tradition that values hard work and honest effort in the pursuit of academic excellence.

I promise that I will submit only work that I personally create or contribute to group collaborations, and I will appropriately reference any work from other sources. I will follow the highest standards of integrity and uphold the spirit of the Honor Code.

UT Arlington faculty members may employ the Honor Code as they see fit in their courses, including (but not limited to) having students acknowledge the honor code as part of an examination or requiring students to incorporate the honor code into any work submitted. Per UT System Regents' Rule 50101, §2.2, suspected violations of university's standards for academic integrity (including the Honor Code) will be referred to the Office of Student Conduct. Violators will be disciplined in accordance with University policy, which may result in the student's suspension or expulsion from the University. Additional information is available at <https://www.uta.edu/conduct/>.

Disability Accommodations:

UT Arlington is on record as being committed to both the spirit and letter of all federal equal opportunity legislation, including The Americans with Disabilities Act (ADA), The Americans with Disabilities Amendments Act (ADAAA), and Section 504 of the Rehabilitation Act. All instructors at UT Arlington are required by law to provide "reasonable accommodations" to students with disabilities, so as not to discriminate on the basis of disability. Students are responsible for providing the instructor with official notification in the form of a letter certified by the Office for Students with Disabilities (OSD). Only those students who have officially documented a need for an accommodation will have their request honored. Students experiencing a range of conditions (Physical, Learning, Chronic Health, Mental Health, and Sensory) that may cause diminished academic performance or other barriers to learning may seek services and/or accommodations by contacting:

The Office for Students with Disabilities, (OSD) www.uta.edu/disability or calling 817-272-3364. Information regarding diagnostic criteria and policies for obtaining disability-based academic accommodations can be found at www.uta.edu/disability.

Counseling and Psychological Services, (CAPS) www.uta.edu/caps/ or calling 817-272-3671 is also available to all students to help increase their understanding of personal issues, address mental and behavioral health problems and make positive changes in their lives.

Non-Discrimination Policy:

The University of Texas at Arlington does not discriminate on the basis of race, color, national origin, religion, age, gender, sexual orientation, disabilities, genetic information, and/or veteran status in its educational programs or activities it operates. For more information, visit uta.edu/eos. For information regarding Title IX, visit www.uta.edu/eos.

Title IX Policy:

The University of Texas at Arlington ("University") is committed to maintaining a learning and working environment that is free from discrimination based on sex in accordance with Title IX of the Higher Education Amendments of 1972 (Title IX), which prohibits discrimination on the basis of sex in educational programs or activities; Title VII of the Civil Rights Act of 1964 (Title VII), which prohibits sex discrimination in employment; and the Campus Sexual Violence Elimination Act (SaVE Act). Sexual misconduct is a form of sex discrimination and will not be tolerated. *For information regarding Title IX, visit www.uta.edu/titleIX or contact Ms. Jean Hood, Vice President and Title IX Coordinator at (817) 272-7091 or jmhood@uta.edu.*

Attendance Policy:

At the University of Texas at Arlington, taking attendance is not required but attendance is a critical indicator in student success. Each faculty member is free to develop his or her own methods of evaluating students' academic performance, which includes establishing course-specific policies on attendance. As the instructor of this section, I expect students to attend each class. Any student who must miss a class is responsible for securing any and all assignments for coursework missed. I will take attendance. Though there is no weight assigned to attendance in the grading scheme, only students present in a class will earn points on any extra-credit exercises completed in that class.

Student Support Services:

UT Arlington provides a variety of resources and programs designed to help students develop academic skills, deal with personal situations, and better understand concepts and information related to their courses. Resources include [tutoring](#), [major-based learning centers](#), developmental education, [advising and mentoring](#), personal counseling, and [federally funded programs](#). For individualized referrals, students may visit the reception desk at University College (Ransom Hall), call the Maverick Resource Hotline at 817-272-6107, send a message to resources@uta.edu, or view the information at <http://www.uta.edu/universitycollege/resources/index.php>.

University Tutorial & Supplemental Instruction (Ransom Hall 205): UTSI offers a variety of academic support services for undergraduate students, including: 60 minute one-on-one [tutoring](#) sessions, [Start Strong](#) Freshman tutoring program, and [Supplemental Instruction](#). Office hours are Monday-Friday 8:00 am-5:00 pm. For more information visit www.uta.edu/utsi or call 817-272-2617.

The IDEAS Center (2nd Floor of Central Library) offers **FREE** tutoring to all students with a focus on transfer students, sophomores, veterans and others undergoing a transition to UT Arlington. Students can drop in, or check the schedule of available peer tutors at www.uta.edu/IDEAS, or call (817) 272-6593.

The English Writing Center (411LIBR): [Optional.] The Writing Center offers **FREE** tutoring in 15-, 30-, 45-, and 60-minute face-to-face and online sessions to all UTA students on any phase of their UTA coursework. Register and make appointments online at <https://uta.mywconline.com>. Classroom visits, workshops, and specialized services for graduate students and faculty are also available. Please see www.uta.edu/owl for detailed information on all our programs and services.

The Library's 2nd floor Academic Plaza offers students a central hub of support services, including IDEAS Center, University Advising Services, Transfer UTA and various college/school advising hours. Services are available during the library's hours of operation. <http://library.uta.edu/academic-plaza>

Librarian to Contact:

Ruthie Brock; brock@uta.edu; 817-272-7152.

Drop Policy:

Students may drop or swap (adding and dropping a class concurrently) classes through self-service in MyMav from the beginning of the registration period through the late registration period. After the late registration period, students must see their academic advisor to drop a class or withdraw. Undeclared students must see an advisor in the University Advising Center. Drops can continue through a point two-thirds of the way through the term or session. It is the student's responsibility to officially withdraw if they do not plan to attend after registering. **Students will not be automatically dropped for non-attendance.** Repayment of certain types of financial aid administered through the University may be required as the result of dropping classes or withdrawing. For more information, contact the Office of Financial Aid and Scholarships (<http://www.uta.edu/ses/fao>).

Student Feedback Survey:

At the end of each term, students enrolled in face-to-face and online classes categorized as "lecture," "seminar," or "laboratory" are directed to complete an online Student Feedback Survey (SFS). Instructions on how to access the SFS for this course will be sent directly to each student through MavMail approximately 10 days before the end of the term. Each student's feedback via the SFS database is aggregated with that of other students enrolled in the course. Students' anonymity will be protected to the extent that the law allows. UT Arlington's effort to solicit, gather, tabulate, and publish student feedback is required by state law and aggregate results are posted online. Data from SFS is also used for faculty and program evaluations. For more information, visit <http://www.uta.edu/sfs>.

Electronic Communication:

UT Arlington has adopted MavMail as its official means to communicate with students about important deadlines and events, as well as to transact university-related business regarding financial aid, tuition, grades, graduation, etc. All students are assigned a MavMail account and are responsible for checking the inbox regularly. There is no additional charge to students for using this account, which remains active even after graduation. Information about activating and using MavMail is available at <http://www.uta.edu/oit/cs/email/mavmail.php>.

Final Review Week:

For semester-long courses, a period of five class days prior to the first day of final examinations in the long sessions shall be designated as Final Review Week. The purpose of this week is to allow students sufficient time to prepare for final examinations. During this week, there shall be no scheduled activities such as required field trips or performances; and no instructor shall assign any themes, research problems or exercises of similar scope that have a completion date during or following this week *unless specified in the class syllabus*. During Final Review Week, an instructor shall not give any examinations constituting 10% or more of the final grade, except makeup tests and laboratory examinations. In addition, no instructor shall give any portion of the final examination during Final Review Week. During this week, classes are held as scheduled. In addition, instructors are not required to limit content to topics that have been previously covered; they may introduce new concepts as appropriate.

Campus Carry:

Effective August 1, 2016, the Campus Carry law (Senate Bill 11) allows those licensed individuals to carry a concealed handgun in buildings on public university campuses, except in locations the University establishes as prohibited. Under the new law, openly carrying handguns is not allowed on college campuses. For more information, visit <http://www.uta.edu/news/info/campus-carry/>.

College of Business Bomb Threat Policy:

Effective April 8, 1996, the College of Business adopted a policy to deal with the classroom disruption caused by bomb threats in the building. Section 22.07 of the Texas Criminal law states that a Class A misdemeanor is punishable by (1) a fine not to exceed \$4,000, (2) a jail term of not more than one year, or (3) both such a fine and confinement. If anyone is tempted to call in a bomb threat, be aware that UTA has the technology to trace such phone calls.

Every effort will be made to avoid cancellation of presentations/tests caused by bomb threats to the Business Building. Unannounced alternate sites will be available for these classes. If a student who has a class with a scheduled test or presentation arrives and the building has been closed due to a bomb threat, the student should immediately check for the alternate class site notice which will be posted on/near the main doors on the south side of the Business Building. If the bomb threat is received while class is in session, your instructor will ask you to leave the building and reconvene at another location.

To provide information about anyone making a bomb threat, call UTA's crime prevention program at 817-272-3381.

Emergency Exit Procedures:

Should we experience an emergency event that requires us to vacate the building, students should exit the room and move toward the nearest exit. When exiting the building during an emergency, one should never take an elevator but should use the stairwells. All those in the North tower side of the building should proceed to the fire escape stairs located on the East and West sides of that wing. With the current fire alarm system, the elevators will all go to the first floor and stay there until the system is turned off. Faculty members and instructional staff will assist students in selecting the safest route for evacuation and will make arrangements to assist disabled individuals.

For disabled persons: Please go to the Northeast fire stairs. There is an evacu track chair located on the 6th floor stairwell. There are people trained in the use of this chair and there will be someone who will go to the 6th floor to get the chair and bring it to any lower floor stairwell to assist disabled persons.

Emergency Phone Numbers:

In case of an on-campus emergency, call the UT Arlington Police Department at 817-272-3003 (non-campus phone), 2-3003 (campus phone). You may also dial 911. The non-emergency number is 817-272-3381.