



FIN 367 Investment Management

Summer II 2016

July 11, 2016 – August 11, 2016

Instructor	Garrett Schaller
E-mail	garrett.schaller@mcombs.utexas.edu
Class meetings	MTWTH 12:00-2:00 p.m., UTC 1.116
Office hours	MTWTH 2:00-3:00 p.m., CBA 1.312J, or by appointment
Course webpage	Canvas

Course Objectives

This course is meant as a survey in the field of Investments.

The course will focus on the application of financial theory to the issues and problems of investment management. Topics will include portfolio optimization and asset allocation, the basics of bond and derivative pricing, the theory of asset pricing models and their implications for investments, as well as evaluating investment management performance.

The main objective of this course is to provide students with a framework for making financial decisions related to Investments. These decisions are relevant for institutional investors (pension, mutual, and hedge funds), individual investors, corporate treasurers, and anyone who seeks to use or understand domestic or international investing.

Prerequisites

1. FIN 357 Business Finance
 2. STA 371G Statistics and Modeling *or* STA 375 Statistics and Modeling for Finance
- Advanced/honors versions of these classes are also acceptable.

Course Materials

Textbook

Bodie, Kane & Marcus, Investments (with Connect Plus access), 2014, 10/e, McGraw-Hill, ISBN 9780840087942.

Calculator

Students will need a calculator with at least \ln , e^x , and x^y buttons. A student business calculator (such as HP 10bII or TI BAII Plus) is recommended but not required. Because of the variety of calculators used, students will be expected to learn how to use their calculators on their own. Your phone is not a permissible calculator. Please bring your calculator to every class session.

Lecture Notes

I will provide a handout each class day with copies of the slides I use; these slides will also be available via Canvas. The slides are designed to act as outlines to reduce the amount of rote copying of definitions and formulas but certainly not as a self-contained lecture summary. Reading the lecture notes without attending class will most likely be of little benefit.

Course Requirements and Grading

Homework (25%), Midterm (25%), Final (40%), Participation (10%)

Letter grades for the course will be based on the student's ranking in the course relative to other students (i.e., the curve). The curve will be in line with similar McCombs courses. In general, there will be about 35% A's, 50% B's, and 15% C's or below. Plus/minus grades will be assigned for the final grade (there is no A+ though).

There is no opportunity in this course to do "extra credit" work. Your grade will be determined solely by the components listed above. If you are taking the course pass/fail you must complete all homework and take all exams in order to pass.

Homework (25%)

Homework will be assigned weekly, ***due by 11:59 p.m. every Friday night***. The one exception is HW5, which is ***due by 11:59 p.m. on Thursday, August 11***. All five homework assignments are through McGraw-Hill's Connect system; see Canvas for instructions on how to establish a Connect account. Homework questions must be answered and submitted individually but may be discussed with other students.

Midterm (25%)

You will take a midterm in class on ***7/25*** for two hours. You will only need to bring a pencil and a calculator: absolutely no notes or cheat-sheets are allowed during the test. I will post a formula sheet on Canvas prior to the exam; each exam I hand out will include a copy of that formula sheet. The midterm will cover all material up to that point: all 8 lectures from 6/11 to 6/21, and chapters 1 through 10.3.

Final (40%)

You will take a comprehensive final on a ***date set by the registrar*** for three hours. You will only need to bring a pencil and a calculator: absolutely no notes or cheat-sheets are allowed during the test. I will post a formula sheet on Canvas prior to the exam; each exam I hand out will include a copy of that formula sheet. The final will be cover all material up to that point: all 19 lectures and chapters 1-12, 14-16, and 20-24.

Participation (10%)

Class participation consists of positive and constructive comments, questions, remarks, and answers in class. I expect you to come to class on time, fully prepared, and ready to open the discussion. Effective contribution means participating such that your answer or question moves our analysis and understanding forward. Note that not all comments or questions in class contribute positively to your class contribution grade.

Course Schedule

Monday	Tuesday	Wednesday	Thursday
<u>July 11</u> Introduction I Ch. 1 & 2	<u>July 12</u> Introduction II Ch. 3 & 4	<u>July 13</u> Risk and Return I Ch. 5 & 6	<u>July 14</u> Risk and Return II Ch. 7
<u>July 18</u> Index Models Ch. 8	<u>July 19</u> CAPM I Ch. 9	<u>July 20</u> CAPM II Ch. 9	<u>July 21</u> Arbitrage Pricing Theory Ch. 10.1-10.3
<u>July 25</u> Midterm Ch. 1-10 12:00-2:00 p.m. UTC 1.116	<u>July 26</u> Multifactor Models Ch. 10.4-10.5	<u>July 27</u> Efficient Markets Ch. 11	<u>July 28</u> Behavioral Finance Ch. 12
<u>August 1</u> Bonds I Ch. 14	<u>August 2</u> Bonds II Ch. 15	<u>August 3</u> Bonds III Ch. 16	<u>August 4</u> Portfolio Evaluation Ch. 24
<u>August 8</u> Options I Ch. 20	<u>August 9</u> Options II Ch. 21	<u>August 10</u> Futures Ch. 22-23	<u>August 11</u> Review Ch. 1-12, 14-16, 20-24 <i style="text-align: right;">HW5 due</i>

Final Exam – Set by Registrar

Important Notifications

Students with Disabilities

Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, <http://www.utexas.edu/diversity/ddce/ssd/>.

Religious Holy Days

By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must an exam or assignment in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Policy on Scholastic Dishonesty

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program's Statement on Scholastic Dishonesty at <http://www.mcombs.utexas.edu/BBA/Code-of-Ethics.aspx>. By teaching this course, I have agreed to observe all faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all student responsibilities described in that document. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at <http://deanofstudents.utexas.edu/sjs/> to access the official University policies on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

Campus Safety

Please note the following recommendations regarding emergency evacuation, provided by the Office of Campus Safety and Security, 512-471-5767, <http://www.utexas.edu/safety>:

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform the instructor in writing during the first week of class.
- In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.
- Behavior Concerns Advice Line (BCAL): 512-232-5050
- Further information regarding emergency evacuation routes and emergency procedures can be found at: <http://www.utexas.edu/emergency>.