

COURSE SYLLABUS

Course	Finance 367Q – Investment Management
Semester	Spring 2011
Instructor	William T. Charlton, Jr., Ph.D., CFA
Office	CBA 6.304D
Phone	232-6834
e-mail	wcharlton@mail.utexas.edu (**Best way to reach me**)
Office Hours	Tue., Thur.: 3:30-4:30 (I will be adding additional hours). Others by appointment

COURSE DETAILS

Class Meetings	Tue., Thur. 2:00-3:30, UTC 1.104, 03017
Course Material	<i>Essentials of Investments</i> , 8 th ed., Z. Bodie, A. Kane, and A. Marcus (BKM). <i>Wall Street Journal</i> (Should be read on a daily basis) Optional: <i>Solutions Manual for Use with Essentials of Investments</i>
Course Objective and Purpose	<p>Finance 367 introduces the student to the basic terminology and concepts of modern investments. As in many fields, a good understanding of the basics can be instrumental to later success. This is particularly true in investments. Even the most complicated financial security can be decomposed into its constituent parts and analyzed. A strong foundation in the basics of investments gives the student the tools necessary to complete just such an analysis.</p> <p>The material in this course will help students begin to develop an understanding of the functioning of financial markets and instruments. This understanding can be useful in both your professional and personal lives. Also, the material covered in this class is an appropriate starting point for anyone interested in a career as an investment professional, portfolio manager, or security analyst.</p> <p>This section is designated as a quantitative version of the course. We will be covering the same material as in the standard course but we will be using quantitative techniques to explore several topics at a greater depth. Students in this section are expected to have a solid working knowledge of Excel including the use of macros and pivot tables. You will be assigned an individual project that requires the use of excel and</p>

quantitative methods.

Prerequisites Finance 367 is a Restricted Course for students who are currently enrolled in a major program in the College of Business Administration. Note that several prerequisites apply for this course and are published in the Course Schedule. Prior completion of Finance 357 or Finance 357 H (with a grade of at least a C) and its prerequisites are among these requirements.

COURSE POLICIES

Students With Disabilities The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, please contact the Office of the Dean of Students at 471-6259, 471-4641 TTY. Please let me know if you require any special accommodations for the exams as soon as possible so that the appropriate arrangements can be made.

Attendance Roll will not be taken on a regular basis. However, this course covers a great deal of material over a short period of time and missing class may put the student at a significant disadvantage. Lectures will contain information that is not in the textbook including discussions of current events and additional subject material. Students are responsible for all material covered in class, no matter the source.

Participation Participation is one of the best ways for a student to insure that they understand the material. I intend to create an environment that encourages open discussion and allows you to feel comfortable in asking any question. An unasked question, particularly about a basic point, may impede the student's learning.

Feedback I am open to and encourage students to offer suggestions on how to improve the course both for the existing semester and future ones. My goal is to optimize my approach to helping students understand the important topics that we will be covering this semester. Any improvements will be much appreciated.

Honor Code 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 Policy Statement on Scholastic Dishonesty for the McCombs School of Business:

By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all of the student responsibilities described in that document. If the application of that Policy Statement to this

class and its assignments is unclear in any way, it is your responsibility to ask me for clarification. Policy on Scholastic Dishonesty: 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, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at <http://deanofstudents.utexas.edu/sjs/> or the General Information Catalog to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

You are expected to abide by the University Honor Code at all times. All violations will be handled according to University procedures and referred to proper authorities. I will pursue any violations to the fullest extent of the code. If you are ever in doubt about a particular issue, please ask!

The course is intentionally structured to give students multiple opportunities to achieve an appropriate grade. No single test will determine a student's grade (see discussion of the optional final below). It is my hope that this structure will minimize the incentives to violate the Honor Code.

Calculators A financial calculator is recommended for this course. Students are responsible for selecting and learning the operation of their calculators. Students are expected to be proficient with Time Value of Money calculations. I will post a review of TVM problems based on the TI BA 11 plus calculator on the course website. Calculators will be cleared prior to taking the exams and cannot be shared.

Laptops/Devices The use of laptops and other electronic devices including cell phones is prohibited during class lectures and exams. This is to minimize the distraction for all participants in the classroom.

EVALUATION

Point Distribution	Exam I	100 pts.
	Exam II	100 pts.
	Exam III	100 pts.
	Assignments	<u>50 pts.</u>
	Total (see below)	350 pts.

Your grade for the course will depend solely on your performance on the exams, the project, and the final; there is no opportunity for extra work. Pass/fail students must take all exams to receive a passing grade.

Scale The standard 90%, 80%, etc. scoring system is used with +/-'s assigned for grades within 2 points of the respective grade break points. Due to the optional final structure (discussed below) individual exams will not be curved. If necessary, the final grades (including the scores on the final exams) may be curved at my discretion. For borderline cases, class attendance and participation as well as improvement throughout the semester will be considered.

Text Problems Students are expected to work the specified problems in the textbook. Although the problems will not be collected, students may be called on in class to explain their answers. Solutions can be found in the optional solutions manual. Note that the solutions manual has several mistakes.

Exams All exams will be held during regularly scheduled class times. The week of each exam is specified in the Tentative Course outline. The exact date of the exam will be determined as we progress through the semester. Unless you have prior approval, you are required to take the exam with the section that you are registered for.

Exams will be closed book, however a formula sheet will be provided for the exams. A sample formula sheet will be issued early in the semester so that students can familiarize themselves with it. The format of the exams will include multiple choice, problems, and short-answer.

Once the exams are graded they will be passed out and reviewed in class after which they will be recollected. Students with questions about the exam can address them either during the review or office hours.

Assignments Several assignments will be made during the semester that will require the use of Excel. Students are expected to be comfortable using Excel to solve problems.

Final The final is optional and will be comprehensive. Your score on the final may substitute for the lowest score on one of the semester exams, but may not substitute for an unexcused absence. If your score on the final is lower than your lowest exam, the final will not be used to calculate your grade. Thus, the final can only help your course grade. At the end of the semester, I will ask you to inform me as to whether you wish to take the final or not.

I have structured the optional final for several reasons. First, to give students an opportunity to replace an exam score they think is not representative of their knowledge. Second, to provide a mechanism for students to replace an exam missed due to an excused absence. Finally, I believe this structure rewards students that have preformed well on the semester exams by allowing them to opt out of the final if they like their grade.

Note: I caution you not to take the semester exams lightly. While the final provides the opportunity to replace an exam grade we are covering a great deal of material during the semester and the final is comprehensive.

Make-ups No make-up exams will be given. For an anticipated (and excused) absence from a test, you may arrange with me to take the exam early. It is your responsibility to contact me at least one week prior to the exam to arrange a mutually convenient testing time. Unless you have received prior approval, you will be considered unexcused if you do not take an exam with your assigned section.

TENTATIVE COURSE OUTLINE			
Week	Week Beginning	Topic	Chapter
1	1/17	Introduction & Investment Environment Financial Markets & Instruments	1 2
2	1/24	Fixed Income	10
3	1/31	Managing Fixed-Income	11
4	2/7	Equities	13
5	2/14	Exam I (T or TH TBD)	
6	2/21	Options & Option Valuation	15 & 16
7	2/28	Futures	17
8	3/7	Risk & Return	5
	3/14	Spring Break	
9	3/21	Risk & Diversification	6
10	3/28	Exam II (T or TH TBD)	
11	4/4	Risk & Expected Return: CAPM & APT Efficient Markets	7 8
12	4/11	Financial Statement Analysis	14
13	4/18	Macroeconomic & Industry Analysis	12
14	4/25	Portfolio Performance Evaluation Investors & the Investment Process	18 22
15	5/2	Exam III (Tue)	
Final - 5/11 (Wed.) 2-5pm			

Note: This is a tentative course outline. Chapters may be re-sequenced, dropped or added depending on our progress throughout the semester. I will inform you of any changes as they are made.

McCombs Classroom Professionalism Policy -

The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Texas BBA experience hinges on this.

Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects.

The Texas BBA classroom experience is enhanced when:

- ◆ **Students arrive on time.** On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- ◆ **Students are fully prepared for each class.** Much of the learning in the Texas BBA program takes place during classroom discussions. When students are not prepared they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- ◆ **Students attend the class section to which they are registered.** Learning is enhanced when class sizes are optimized. Limits are set to ensure a quality experience. When section hopping takes place some classes become too large and it becomes difficult to contribute. When they are too small, the breadth of experience and opinion suffers.
- ◆ **Students respect the views and opinions of their colleagues.** Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- ◆ **Laptops are closed and put away.** When students are surfing the web, responding to e-mail, instant messaging each other, and otherwise not devoting their full attention to the topic at hand they are doing themselves and their peers a major disservice. Those around them face additional distraction. Fellow students cannot benefit from the insights of the students who are not engaged. Faculty office hours are spent going over class material with students who chose not to pay attention, rather than truly adding value by helping students who want a better understanding of the material or want to explore the issues in more depth. Students with real needs may not be able to obtain adequate help if faculty time is spent repeating what was said in class. There are often cases where learning is enhanced by the use of laptops in class. Faculty will let you know when it is appropriate to use them. In such cases, professional behavior is exhibited when misuse does not take place.
- ◆ **Phones and wireless devices are turned off.** We've all heard the annoying ringing in the middle of a meeting. Not only is it not professional, it cuts off the flow of discussion when the search for the offender begins. When a true need to communicate with someone outside of class exists (e.g., for some medical need) please inform the professor prior to class.