



FIN 311 – Investments

Fall 2021

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Section 02: Tues/Thu 9:00-10:15am

Zoom: <https://hawaii.zoom.us/j/91959650497>

Section 01: Tues/Thu 10:30-11:45am

Meeting ID: 919 5965 0497

Office hours: by appointment

Passcode: 278969

Description This course is an introduction to capital markets and financial investments. The focus is on applications for institutional investors, including asset valuation, risk measurement and control, the risk-reward tradeoff, and portfolio design. The course is divided into three parts: (1) investment elements, (2) portfolio theory, and securities analysis.

Prerequisite BUS 314: Business Finance. Students are also expected to have completed introductory courses in accounting, statistics, and economics.

Required Material *Essentials of Investments*, 12th Edition, by Zvi Bodie, Alex Kane, and Alan Marcus, McGraw-Hill/Irwin Inc., 2022. ISBN 978-1-260-77216-6.

Note: This is an Interactive Digital Access Program (IDAP) course. A charge for the digital course material through IDAP will be added to your MyUH account. You can opt-out of receiving your course material through IDAP at https://www.bookstore.hawaii.edu/manoa/site_IDAP.asp. For more information regarding IDAP, please contact the campus bookstore.

Wall Street Journal (or other news service): I will frequently use articles from the paper as the basis for class discussion. You can subscribe to the *Wall Street Journal* at a reduced student rate through: <http://www.wsj.com/studentoffer>.

Financial Calculator: The HP 12C or TI BA II Plus are popular models.

Goals By the end of the course you will be able to make the following statements:

- I understand financial markets and am able to talk the language of finance
- I understand the concept of investment risk and benefits of diversification
- I can calculate portfolio and security returns over varying horizons
- I am comfortable valuing stocks and bonds
- I know where and how to execute different types of trades
- I know how to calculate payoffs to derivatives
- I know several alternatives for hedging a trade

Grading

Homework: The only way to master this material is through practice. Through MH-Connect I will assign problems related to the material we cover in class. Moreover, exam questions will be similar in complexity to homework questions, thus their completion is crucial to your success on exams. Homeworks are assigned by chapter but each module will be due the day of the exam that will test these materials. Feel free to work with your peers on homeworks, but be sure to upload your individual answers to MH-Connect by the respective deadlines. I recommend you keep up with the homeworks in line with the calendar and not wait until exam dates to complete them as they will take time.

Exams: The exams test your understanding of key concepts covered and will be administered through MH-Connect or Laulima. Anything discussed in class and assigned as a reading may be covered on exams. Each exam will cover your understanding of material covered for that section of the course, and hence, are not sequentially comprehensive per se. **However**, concepts from prior sections will arise throughout the semester and are fair game! Students may use any of the course materials to complete the exams. However, students must work alone and submit their own work. Except for extenuating circumstances, **no make-up exam** will be allowed.

Letter grades will be assigned at the end of the course based **on a curve**, and according to the following allocations: Homework (30%; 10% each module), and Exams (70%; 20% each mid-term, 30% final exam). Class attendance and participation will be used to shift a grade up or down in borderline cases.

Plus or minus grades are used to distinguish performance within letter grades. **You must earn 70 points to receive a C minus in the course.** Grades received will reflect the following spectrum of mastery of topics and their application.

A = outstanding

B = above-average

C = average

D = below average; inadequate

F = grossly inadequate

Expectations The subject matter for this course – or any other finance course – is by nature quantitative. While you will not need to memorize any of the formulas and equations presented in the course per se, the intuitions underlying them are necessary to approach and analyze problems in various settings based on the principles of economics and finance. This course will challenge you! The following are rules to earn a high grade:

1. **Attend class.** It will give you another exposure to the concepts, in a more active learning mode than studying at home.
2. **Ask questions** in class when you don't understand a concept or explanation. You'll benefit, and your classmates will be grateful.
3. **Come to see me or the TA** outside of class. You get 1 on 1 attention on a topic that you're having difficulty understanding.
4. **Keep up** with our schedule and *do the work*. The material in this course is too difficult to absorb and comprehend in an all-nighter before the exam.
5. **Set task goals**, not performance goals. Recent research suggests that students who set “task” goals earn better grades than students who set “performance” goals. An example of a task goal is committing to study a subject at a fixed time each week for a certain number of hours. An example of a performance goal is intending to get a certain grade in the course.
6. **Reduce digital distractions.** Recent research indicates that students who take notes the old-fashioned way, with pen or pencil, **do better** on exams than those taking notes digitally. One reason appears to be that facts and concepts are more difficult to remember when they're recorded via laptop-based note taking. Another reason may be that students with laptops don't concentrate on class material as well. And research shows this *surfing via laptop disturbs other students*, reducing their comprehension.
7. **Get Plenty of Sleep** generally, but especially before exams!

Disabilities Any student with special needs should bring this to my attention no later than the second week of class. Students with disabilities are encouraged to contact the KOKUA Program for information and services. Contact KOKUA at 956-7511, kokua@hawaii.edu, or at the Queen Lili'uokalani Center for Student Services room 013.

Integrity Cheating and Plagiarism will not be tolerated. All incidents will be handled in accordance with the UH *Student Code of Conduct*. The UH Student Code of Conduct, is available at: <http://www.hawaii.edu/student/conduct>.

Tentative Schedule The schedule is subject to change as the semester progresses.
Students are expected to read the relevant chapters before class.

Week	Date	Topic	BKM Chapter
1	24-Aug	Syllabus and Introduction	
	26-Aug	Elements of Investments	1
2	31-Aug	Asset Classes & Indices	2
	2-Sep	Securities Markets and Trading	3
3	7-Sep	Securities Markets and Trading	3
	9-Sep	Investment Companies	4
4	14-Sep	Risk and Return Measures	5
	16-Sep	Risk and Return Measures	5
5	21-Sep	Exam 1 Preview	
	23-Sep	Mid-Term Exam 1	
6	28-Sep	Efficient Diversification	6
	30-Sep	Efficient Diversification	6
7	5-Oct	CAPM & APT	7
	7-Oct	CAPM & APT	7
8	12-Oct	Market Efficiency	8
	14-Oct	Behavioral Finance	9
9	19-Oct	Technical Analysis	9
	21-Oct	Evaluating Performance	18
10	26-Oct	Exam 2 Preview	
	28-Oct	Mid-Term Exam 2	
11	2-Nov	Fixed Income Securities	10
	4-Nov	Fixed Income Securities	10
12	9-Nov	Managing Bond Portfolios	11
	11-Nov	Managing Bond Portfolios	11
13	16-Nov	Equity Valuation	13
	18-Nov	Equity Valuation	13
14	23-Nov	Financial Statements Analysis	14
	25-Nov	Thanksgiving	
15	30-Nov	Options Markets	15
	2-Dec	Options Valuation	16
16	7-Dec	Exam 3 Preview	
	9-Dec	Final Exam	