UNIVERSITY OF HAWAIʻI AT MANOA
Shidler College of Business
FIN 634: Investment Analysis and Management
Fall 2021

Professor: Victor Wei Huang
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Class Meetings: Wednesday 6:00 pm – 8:45 pm (online via Zoom)
Zoom link: https://hawaii.zoom.us/j/98614157712
Office Hours: Wednesday 8:45 pm - 9:45 pm (same zoom link as the class) or by appointment

TA: Mr. Zefan Huang (Shidler PhD student in finance), email: zefan@hawaii.edu
Office Hours: Tuesday, 10:30 am to 11:30 am (same zoom link as the class)

1. Course Prerequisites

Working knowledge in financial accounting, statistics, and economics.

2. Course Description and Objectives

The main objective of this course is to develop the basic theory and analytical tools in investment analysis and portfolio management. The main topics include institutions of financial securities and trading, theory of asset pricing models and their applications in portfolio allocation decisions, stock and bond valuation, fixed income management, securities analysis, derivative assets and etc. Our main learning methods are lectures, class discussions, individual assignments, and group projects. This course will help students in their preparations for CFA exams. Overall, questions in equity investments, fixed income, and derivatives, alternative investments, and portfolio management account for 35% to 48% of CFA level I exam weight. The weight is even higher for the level II exam. In this course, we will use the relevant learning outcomes provided by CFA Institute as our benchmark for assessment.

3. Course Materials

The textbook for this course is "Investments" (12th edition), by Zvi Bodie, Alex Kane, and Alan J. Marcus (McGraw-Hill). This course uses the IDAP program that allows you to purchase the e-book and MH Connect at a deeply discounted price. You can register for MH Connect on Laulima by selecting the "MH Campus" option. Please follow the steps to access your course materials. A discounted OPTIONAL loose-leaf version of the textbook is also available through the publisher.

PPT slides and other handouts will be available on Laulima (Under Resources).

4. Course Requirements

<u>Exams</u>

As part of the learning assessment, there will be one mid-term exam and one final exam. See course calendar for the dates of the two exams.

<u>Group Project</u>

Students in teams will work on equity analysis projects on different exchange-listed companies. Each group will make a PowerPoint presentation and submit the PPT and other supporting documents such as spreadsheets with financial ratios. In this project, you will use different equity valuation models to determine how much a firm is worth based on external environmental analysis and financial statement analysis. This project will help you learn techniques used in an (independent) equity research firm and understand how analysts issue a buy, hold or sell (or short) recommendations on stocks based on outcomes from fundamental research-driven process. The research tools learned from this project are also relevant to corporate financial analysts for the purpose of private equity analysis, evaluating acquisitions, restructurings, and other investments. Among others, some of the particular questions embedded in the projects include how the fundamental values (intrinsic values) of equity are estimated, how business strategies should be analyzed to understand the value a firm has created, what useful information for equity valuation should be obtained from financial statements, what the value relevance of cash-flows, dividends, earnings and book value of equity are in security analysis, what the advantages or disadvantages of various equity valuation models are, how ratio, profitability, and growth analyses are tied into equity valuation, and how financial analysis should be utilized for strategy and planning.

Class Participation

Students are expected to attend the classes and participate in the discussions.

5. Grade Determination

Your grade in this course will be determined by class participation, group project and presentation, individual assignment, and the final exam. The final grade will be weighed as follows:

Grading Scheme	
Attendance (5%) and class participation including a group presentation (dates are flexible) on technical analysis or behavioral finance (10%)	15%
Group project on stock analysis	20%
Individual assignments (including problem sets, Markowitz portfolio optimization and etc. The due date for each assignment will be announced in class)	25%
Mid-term exam	20%
Final Exam	20%

The final grade for the course will be a letter grade in accordance with the system for graduate courses adopted by the University. "A" (including plus and minus) is for "high achievement"; "B" means "meets expectations"; "C" indicates "below expectations", and "D" suggests "inadequate performance." The final letter grade will be determined first based on the following cut-off: **100: A+; 90-99: A; 85 – 89: A-; 80 - 84: B+; 70-79: B; 60-69: B-; 50-59: C+; 40-49: C; 30-39: C-; 20-29: D+; 10-20: D.** I usually curve the final grades based on Shilder College's grading policy for graduate programs. In this sense, the final grades will be dependent on how well a student performs relative to his or her peer students.

6. Shidler College Academic Policies

All relevant UHM policies concerning academic honesty, grievance procedure and confidentiality in grading apply. Because UHM is an academic community with high professional standards, its teaching, research, and service purposes are seriously disrupted and subverted by academic dishonesty. The UH Student Code of Conduct is available at http://www.hawaii.edu/student/conduct.

		Tentative Course Calendar *	Readings

		FIN 634: Investment Analysis and Management	Bodie, Kane, Marcus, "Investments" (12th ed)
	Date	Topic	Reading materials
1	Aug 25	Topic 1: Financial Markets and Securities Trading - Financial instruments and how securities are traded	Chapters 1 and 2; PPT files
2	Sept 1	Topic 1: Financial Markets and Securities Trading - Financial instruments and stock market indexes	Chapters 2 and 3; PPT files
3	Sept 8	Topic 1: How securities are traded; mutual funds Topic 2: Portfolio Theory	Chapters 4, 5; PPT files
4	Sept 15	Topic 2: Portfolio Theory & Markowitz Portfolio Optimization Project	Chapters 5 and 6; PPT files
5	Sept 22	Topic 2: Portfolio Theory & Markowitz Portfolio Optimization Project	Chapters 6 and 7; PPT files, handouts
6	Sept 29	Topic 2: Markowitz Portfolio Optimization Project Topic 3: Asset Pricing Models (CAPM) and Efficient Markets	Chapters 7, 8 and 9; PPT files
7	Oct 6	Topic 3: Asset Pricing Models (CAPM) and Efficient Markets	Chapters 9 and 10; PPT files
8	**Oct 13**	**Mid-term exam**	
9	Oct 20	Topic 5: Security Analysis	Chapters 17 and 18; PPT files
10	Oct 27	Topic 5: Security Analysis	Chapters 18 and 19; PPT files
11	Nov 3	Topic 5: Security Analysis Topic 4: Fixed Income Securities-Bond Prices	Chapters 18, 19, 14; PPT files
12	Nov 10	Topic 4: Fixed Income Securities: Term Structure	Chapters 14 and 15; PPT files
13	Nov 17	Topic 4: Fixed Income Securities: Bond Portfolio Management	Chapters 15 and 16; PPT files
14	Nov 24	Topic 4: Fixed Income Securities: Bond Portfolio Management Wrap-up and review for final exam	Chapter 16 PPT files
15	Dec 1	Group presentations on security analysis	
16	**Dec 8**	**Final exam**	
* The schedule indicated above is tentative; changes may be made during the semester.			

Instructor Information

Victor Wei Huang is John and Sue Dean distinguished professor of finance and chairman of the Department of Finance at the Shidler College of Business. He has been with the Shidler faculty since 2001. He earned his Ph.D. degree in finance from Georgia Institute of Technology, his M.A. in Economics from Georgia State University, his Master's degree in Development Management from Asian Institute of Management (Manila, Philippines), and his B.A. in Economics from Nanjing University (Nanjing, China). His research has been published in prestigious journals such as *Review of Financial Studies, Journal of Financial and Quantitative Analysis, Journal of Banking and Finance*, *Journal of International Money and Finance*, *Journal of Corporate Finance*, *Journal of Futures Markets*, *Management International Review*, and etc. His research papers were featured in financial media such as the Wall Street Journal Magazine - *Smart Money* and Harvard Law School's online *Forum on Corporate Governance and Financial Regulation.* He is a recipient of Shilder College's *Dennis Ching Teaching Award* and *Faculty Research Award*.