FIN 4504: Equity and Capital Markets Spring 2017

Section: 1E96

Instructor: Amir Yousefi

Office Location: Stuzin Hall 303K

Office Hours: Wednesday 5pm-6pm (or by appointment)

E-mail (preferred): <u>amir.yousefi@warrington.ufl.edu</u>

Telephone Number: (352)392-8913

Lecture: Monday & Wednesday – Periods 11-E1 (6:15–8:10 p.m.)

Classroom: Heavener Hall 250

Textbook: Essentials of Investments, Bodie, Kane, and Marcus, 9th Edition, McGraw-Hill /

Irwin, 2013 (ISBN: 978-0-07-803469-5)

Course Overview and Objectives

This course provides an in-depth discussion of fundamental principles related to equity securities and derivatives for both institutional and individual investors. At the conclusion of this course, you should understand:

- a) How security markets function
- b) Tradeoff between risk and return
- c) Modern portfolio theory and the Capital Asset Pricing Model
- d) Efficient market hypothesis and behavioral finance
- e) Option pricing models: binomial pricing model and Black-Scholes model

Although we consider the viewpoint of corporate investment professionals and institutional equity money managers at times, the primary focus in this course centers on personal financial decisions related to picking stocks and/or equity mutual funds.

Course Prerequisites

You are required to have taken and passed FIN 3403. A substantial portion of this course will be quantitative in nature and therefore requires you to use Microsoft Excel (or equivalent) and to be familiar with basic statistical concepts such as mean, variance, standard deviation, and correlation. Furthermore, basic calculus and algebra skills are a necessity.

Textbook

The recommended text for this course is Bodie, Kane, and Marcus, *Essentials of Investments*, 9th Edition, McGraw-Hill/Irwin, 2013. I will be using the 9th edition as a rough guide for my lectures, but a previous edition of the text should work fine. You may also use the updated version (10th edition). However, I do not think that the incremental changes in 10th Edition justify the higher price.

Class Notes

I will make my lecture slides available via the course e-Learning website. However, the notes are not intended to be comprehensive, and do not serve as a perfect substitute for textbook readings and attending class. My intent is to provide you with a study aid that will focus on the important material covered in class. There will be subjects discussed in class that are not included on the lecture slides, but may be tested on exams.

Financial Calculator

You will want to have a calculator with you during lectures and especially for exams. Calculators with text storage capability such as those with graphing features are not approved for exams. A financial calculator, such as the HP-10BII or the TI-BAII used in FIN3403, will be perfect.

Expectations and Grading

Presumably, you are taking this course because you are majoring in Finance and/or you have a keen interest in the subject. *As a result, I have high expectations for your effort.* Although you will not be graded for your classroom participation, everyone will benefit from engaging in classroom discussion – and your participation will be noticed. Learning will be more efficient for everyone if the appropriate materials have been read prior to the lecture. Simply put, the stronger the participation level, the more you will get out of this class.

Grading Breakdown:

Item	Weight	Comment
Midterm Exam	30%	Ch. 1-6
Final Exam	40%	Ch. 1-9, 13, 18, 15, 16
Homework	20%	
Quiz/Participation*	10%	

^{*} There will be in-class quizzes and exercises that gauge your performance and attendance throughout the semester and make up 10% of your grade.

Exams:

There will be two exams. All exams will be considered cumulative and may include material from the homework assignments, though the material covered most recently in lecture will be more heavily weighted. There will be **no make-up exams**. If you have a legitimate conflict with scheduled exam times, please let me know as soon as possible and it may be possible to schedule an early test date. Exams will likely be a combination of multiple-choice, short answer, and written problems. In-class examples, problems from homework assignments, and textbook reading will serve as good exam preparation tools.

Homework: There will be homework assigned throughout the semester.

Re-Grading:

If a student feels that I have made an error for any reason in grading an exam or assignment, they will need to take the following steps within **one week** of when the exam or assignment was returned:

1. Turn in all graded material for the assignment in question

2. Provide a clear, concise, type-written case along with any necessary documentation that clearly shows why insufficient credit was received

Each student will only be given one opportunity to make a case for a given assignment, so the case needs to be made as clear and as strong as possible. Also, please note that I will re-evaluate the **entire assignment**, not just the section in question. This may result in a lower grade for the student once all materials have been re-evaluated.

Course Website

The course's E-Learning website will be the primary tool for course communication outside of the classroom. The website will contain important reference information such as schedules, practice problems, lecture notes, and announcements. In certain instances I may also use the class email list for important communications.

Contacting the Instructor

Oftentimes, the best time to get a quick answer to a course related question is to catch me immediately before or after class, or during a break. If that doesn't work for you, or if you have a question that you feel will take more time to discuss, please try to attend my regular office hours. If you are unable to make my office hours, we can arrange an appointment. Email is generally the best way to contact me and I will try to check my email often, even when not in the office.

Classroom Policies

Students should come to class prepared, having read any supplemental materials and attempted any assigned problems. Students are encouraged to participate in class with questions and meaningful comments. Students are expected to behave in a professional and courteous manner at all times, not only in interactions with the course instructor, but also with fellow students. Arriving late to class is inconsiderate to both the instructor and peers, so every effort should be made to arrive on time.

In accordance with the University of Florida's policy, students should **refrain from eating or drinking** in the classroom. It is also requested that all cell-phones, pagers, beepers, alarms, etc. be switched off or silenced before the beginning of each class.

In addition, **the use of laptops will not be permitted during class**, unless otherwise instructed for a particular class period in which technology is needed.

Tentative Schedule

Below is the expected schedule for our time this semester. It is simply a **tentative schedule** and may change as we progress through the semester. I will try to incorporate topics that I feel are important for the class to learn while trying to ensure that we hit on topics I feel students are most interested in. *Exam dates in particular are considered to be tentative and subject to change.* My intention is to give the final exam during the last week of regularly scheduled classes, but this may also change depending on how we progress through the course material.

Week	Date	BKM Reference
1	Wed, Jan. 04	Syllabus / Ch. 1
2	Mon, Jan. 09	Ch. 2
	Wed, Jan. 11	Ch. 2
3	Mon, Jan. 16	Holiday
	Wed, Jan. 18	Ch. 3
4	Mon, Jan. 23	Ch. 3
	Wed, Jan. 25	Ch. 4
5	Mon, Jan. 30	Statistics Review
	Wed, Feb.	Ch. 5
6	Mon, Feb. 06	Ch. 5
	Wed, Feb. 08	Ch. 6
7	Mon, Feb.	Ch. 6
	Wed, Feb. 15	Review
8	Mon, Feb. 20	Midterm
	Wed, Feb. 22	Ch. 7
9	Mon, Feb. 27	Ch. 7
	Wed, Mar. 01	Ch. 8
10	Mon, Mar. 06 Wed, Mar.	Spring Break
11	08 Mon, Mar. 13	Review/Discussion

	Wed, Mar. 15	Ch. 9
12	Mon, Mar. 20	Ch. 13
	Wed, Mar. 22	Ch. 13
13	Mon, Mar. 27	Ch. 18
	Wed, Mar. 29	Ch. 18
14	Mon, Apr. 03	Ch. 15
	Wed, Apr. 05	Ch. 15
15	Mon, Apr. 10	Ch. 16
	Wed, Apr. 12	Ch. 16
16	Mon, Apr. 17	Review Final
	Wed, Apr. 19	Final Exam
	Mon, Apr. 24	Assigned Final Exam (No Exam)

University of Florida Policies:

ADA STATEMENT: The University of Florida provides high-quality services to students with disabilities, and we encourage you to take advantage of them. Students with disabilities needing academic accommodations should contact the Dean of Students Office of Disability Resources. Please see the University of Florida Disability Resources website for more information at: http://www.dso.ufl.edu/drc/. In keeping with UF policy, the student, not the instructor, is responsible for arranging accommodations when needed.

ACADEMIC HONOR SYSTEM:

<u>The Honor Code</u>: We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity.

<u>Pledge</u>: On all work submitted for credit by students of the University of Florida, the following pledge is either required or implied: "On my honor, I have neither given nor received unauthorized aid in doing this assignment."

Violations of this Academic Honor System will not be tolerated. Please read the policies about academic honesty at http://www.dso.ufl.edu/judicial.

GETTING HELP: Resources available on campus to help students meet academic and professional goals and address personal challenges include the following:

- Academic Advising Center, http://www.advising.ufl.edu/
- Career Resource Center, http://crc.ufl.edu/
- Student Mental Health, http://www.shcc.ufl.edu/
- U Matter, We Care Web Site, http://www.umatter.ufl.edu/
- UF Counseling and Wellness Center, http://www.counseling.ufl.edu/