

COURSE SYLLABUS

Instructor	Farid AitSahlia
Text:	“Investments”, by Z. Bodie, A. Kane, A. Marcus (<i>10th Edition</i>), McGraw-Hill. This text (BKM henceforth) or its e-book version is required. A second, optional, book focused on hedge funds is recommended, if you wish to learn more details about them: “Efficiently Inefficient”, by Lasse Pedersen, published by Princeton University Press.
Course Packet	Lecture notes (power point slides) and articles will be posted on Canvas
Software	Computer spreadsheets (Excel) discussed in class will be made available on the class web site.
Contact Information	Office: STZ 301F Phone: (352) 392-5058 E-mail: farid.aitsahlia@warrington.ufl.edu Office Hours: By appointment

Course Description

The course introduces the concept of investing, which is to forgo consuming current wealth today and instead investing it in a variety of financial instruments in anticipation of increased wealth in the future. Key notions that will be covered include: a description of the variety of investment opportunities, such as stocks, bonds and derivatives, as well as mutual and hedge funds; the trading process and margin requirements for short sales; the variety of risk measures; the concept of trade-off between risk and expected return; portfolio selection strategies; and the multitude of ways one can conduct investment performance evaluation.

By its very nature a course like this involves quantitative reasoning and elementary statistics, linear regression in particular. You are therefore encouraged to review your basic statistics notions, if you have not used them for a while. We will make frequent use of Excel to illustrate the various topics as we move through them. You should therefore be familiar with elementary Excel manipulations.

NOTES:

1. Irrespective of the text format you pick, you will have access to additional material provided by the publisher. In particular, you will have access to a resource reviewing statistical concepts, illustrated on related financial issues.
2. You will also get access to Excel templates and other electronic resources.

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Class Format

Taped lectures will be posted on Canvas as will practice problems and Excel templates. The lectures, supplemented by notes, examples and assignments are intended to familiarize students with the basic concepts and quantitative techniques, as well as institutional details necessary for making investment decisions.

Pre-requisites

Little is required beside basic arithmetic, basic statistics, and a familiarity with Excel.

Assignments

The assignments will consist of several end-of-chapter problems (problem sets) and computer implementation (computer assignments will involve using EXCEL.) These assignments should be treated as equivalent to take-home exams. The reports for these should be typed. **Late reports will not be accepted.**

Final Exam

The final exam will be open book. The exam will consist of numerical and qualitative/conceptual questions. The questions will be very similar to the problems discussed in class and the assignments. The final exam will be held on the last day of class. There will be no make-up exam.

Course Grade

Course grade will be calculated using the following points

Assignments	400	Individual
Final Exam	600	During last day of class
Total Points	1000	

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Final course grade will be based on the following numeric scale indicating the number of total points needed to achieve each letter grade

Minimum Points	Course Grade
920	A
880	A-
840	B+
800	B
760	B-
720	C+
680	C
640	C-
600	D+
560	D
<500	D- to F

Note UF grading policy and GPA

A = 4.0; A- = 3.67; B+ = 3.33; B = 3.0; B- = 2.67; C+ = 2.33; C = 2.0, C- = 1.67; D+ = 1.67; D = 1.0; D- = 0.67

Course Outline

- **8/27/17—9/16/17 Module 1**
 - The investment environment
 - Asset classes and financial instruments
 - Equity derivatives
 - How securities are traded
 - Margin short sales
 - Mutual funds and other investments companies

- **9/17/17—10/7/17 Module 2**
 - Nominal and real returns
 - Risky returns
 - Normal distribution
 - Log-normal distribution
 - Portfolio construction with risky assets
 - Portfolio construction with risky and risk-free assets

- **10/8/17—10/28/17 Module 3**
 - Optimal risky portfolios
 - Index models
 - Normal distribution
 - Portfolio optimization practice

- **10/29/17—11/11/17 Module 4**
 - Behavioral finance
 - Technical analysis
 - Macro-economic policy factors
 - Business cycles
 - Industry analysis

- **11/12/17—12/2/17 Module 5**
 - Portfolio performance evaluation
 - ✓ Average rates
 - ✓ Risk-adjusted metrics
 - Performance attribution

- **12/3/17—12/8/17 Review period**

- **12/9/17 On-campus final exam**

The following is from the University of Florida Code of Student Conduct:

The academic community of students and faculty at the University of Florida strives to develop, sustain and protect an environment of honesty, trust and respect. Students are expected to pursue knowledge with integrity. Exhibiting honesty in academic pursuits and reporting violations of the Academic Honesty Guidelines will encourage others to act with integrity. Violations of the Academic Honesty Guidelines shall result in judicial action and a student being subject to the sanctions in paragraph XI of the Student Conduct Code. The conduct set forth hereinafter constitutes a violation of the Academic Honesty Guidelines (University of Florida Rule 6C1-4.017).

Cheating

The improper taking or tendering of any information or material which shall be used to determine academic credit. Taking of information includes, but is not limited to, copying graded homework assignments from another student; working together with another individual(s) on a take-home test or homework when not specifically permitted by the teacher; looking or attempting to look at another student's paper during an examination; looking or attempting to look at text or notes during an examination when not permitted. The tendering of information includes, but is not limited to, giving of your work to another student to be used or copied; giving someone answers to exam questions either when the exam is being given or after taking an exam; giving or selling a term paper or other written materials to another student; sharing information on a graded assignment

Plagiarism

The attempt to represent the work of another as the product of one's own thought, whether the work is published or unpublished, or simply the work of a fellow student. Plagiarism includes, but is not limited to, quoting oral or written materials without citation on an exam, term paper, homework, or other written materials or oral presentations for an academic requirement; submitting a paper which was purchased from a term paper service as your own work; submitting anyone else's paper as your own work.

So that there is no confusion, here are my expectations

1. Students may work with their classmates to study and work on assignments. The goal is to maximize your understanding of the material.
2. Students are expected to include only their own work on the exams. On the assignments, students are expected to hand in an individual report. However, if you work with other students, you should turn in just one copy for the group.
3. Students are expected to contribute fully to each assignment. Each student is expected to come fully prepared to the in-class final exam.

Access to Library Resources

As a student at the University of Florida, you have free access to many of the online services that usually require a subscription. However, you will either need to access these services through a Library-related computer, or go through a “Proxy Server” using your GatorLink account username and password. To access the online Business Library section of the Smathers Library, go to

<http://www.uflib.ufl.edu/cm/business/>

On the right of the top line, click on Remote Logon. This will take you to a page that allows you to connect to on-campus services using the Library Proxy Server:

<http://www.uflib.ufl.edu/ufproxy.html>

At the bottom right of the screen, fill in your GatorLink Account Username and Password, and then click Login. This will take you back to the Smathers’ Library page, but using the Proxy Server:

<http://www.uflib.ufl.edu.lp.hscl.ufl.edu/ufproxysuccess.html>

In the middle of the page you will see “Start”. Go to the dropdown menu under “Or...” and choose “Business (Online)”. This will take you back to the online Business Library, but through the Proxy Server:

<http://www.uflib.ufl.edu.lp.hscl.ufl.edu/cm/business/>

You could also click on “UF Libraries’ Home Page”, then “Libraries & Collections” under “About the Libraries”, and then “Business Reference” under “Smathers Library (East)”.

USING VPN

The UF VPN Service is designed to allow University Faculty, Staff, and Students to securely “tunnel” into campus over other networks, such as their home internet connection, and access services as if they were on campus. It is ideal for using the Business Library and UF Libraries resources from off-campus. If you are reading journal articles and searching library databases from home you’ll want to install the VPN.

Install & configure the VPN

1. Make sure you have a [Gatorlink account](#).
2. [Download the VPN software](#) for your computer's operating system
3. Follow the instructions to install and configure the VPN
 - [Windows 98/ME/NT/2000/XP/Vista \(including firewall guide\)](#)
 - [Linux Kernel 2.2-2.6](#)
 - [Macintosh OS 10.1-10.4](#)
 - [Macintosh OS 8/9](#)
 - [Palm/PocketPC](#)

Using the VPN & Business Library resources

1. Log in to the UF VPN with your [Gatorlink account](#).
2. Go to the [Business Library Home Page](#) and use all the libraries resources (including databases and online journals) as if you were on campus