

FIN 201A: Investments
Brandeis University IBS
Spring 2013
Professor Roman
Wednesdays 6:30-9:20 PM
Location: TBD

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Textbook:

(BKM) Bodie, Kane and Marcus, **Investments**, Ninth Edition, McGraw-Hill/Irwin, ISBN-10: 0077477561, ISBN-13: 978-007477561.

Prerequisites: This a course that assumes no prior background in finance. However, you are expected to have an understanding of basic statistical concepts. Quantitative techniques (ECON 210f) or Statistics is a prerequisite for this course, and you may complete either of these courses concurrently. The basic statistical concepts that you should be familiar with include means, variances, standard deviations, correlations, the normal cumulative distribution functions and the ordinary least squares estimation. Also, please note that this course may not be taken for credit by students, who have taken ECON 171a or FIN 205a in previous years.

Course Description:

The course covers topics related to financial economics, including investors' attitudes toward risk, capital allocation, portfolio selection, asset pricing models (Capital Asset Pricing Model and the Arbitrage Pricing Model), the efficient market hypothesis, fixed income markets, equity valuation, options and futures markets, mutual funds and hedge funds. The course may not be repeated for credit by students who have taken FIN 201a. The course is an accelerated version of FIN 201a. Relies more heavily on statistics, basic calculus and Excel based assignments would be given in order to implement the theoretical knowledge. The course is lecture based. Lectures will consist of covering the theory, examples, and class discussion. Homework assignments will focus on applying the material from lectures.

It is expected that students will read assigned materials in advance of class lectures.

Learning Goals:

1. Understand the fundamental principles of investments in financial markets
 - a. How investors make investment decisions.
 - b. What determines asset valuations and returns.
2. Gain a quantitative understanding of:
 - a. Portfolio choice decisions
 - b. Equity valuation, bond markets, and option pricing

Examinations:

There will be 2 mid-term examinations (1.5 hours) and a final examination (3 hours), all closed-book. The midterms will be equally weighted and spaced approximately to divide the content into 3 equal parts. The final examination will be cumulative, reflecting the content covered in the midterms as well as content from the final third of the semester.

There are no make-up Mid-term exams. Missed exam Grading Points will be allocated to the Final Exam. There is no advantage to missing a mid-term examination (see Grading Points below) even if unprepared at that time.

Homework:

Advance readings will be assigned every class; students are expected to be familiar with these readings before the associated lecture. Homework problems will be assigned every week, some due the following class to be graded, while others will have solutions at the end of the text and are assigned for student practice. The goal of all these exercises will be to illuminate the material; developed in class through numerical examples and to facilitate students keeping pace with the lectures and preparing for the examinations.

Homework may be discussed in student groups at a general level, but each student is expected to submit their own work, and on time. Homework is due at the beginning of class.

Grading Method:

The final numerical average for each student will be the larger value derived from two calculations:

Mid-term I:	20%	Mid-term I:	0%
Mid-term II:	20%	Mid-term II:	0%
Final:	40%	Final:	80%
Homework:	20%	Homework:	20%

Course Plan:

Mid-Term I:	February 13 (class 5)	Chapters 1, 2, 5, 6, 7
Mid-Term II:	March 20 (class 9)	Chapters 8—11, 13
Final:	TBA	Previous chapters plus 12, 14—16, 18, 20, 21

Estimated Class Outline (2013):

01/16	Chapters 1, 5
01/23	Chapters 2, 5
01/30	Chapter 6, 7.1-2
02/06	Chapter 7.3-7.4
02/13	Midterm I - Chapter 8
02/27	Chapters 9
03/06	Chapters 10
03/13	Chapters 11, 13
03/20	Midterm II- Chapter 12
04/03	Chapters 14, 15
04/10	Chapters 16, 18
04/17	Chapters 18, 20
04/24	Chapters 21 - Review

Note: Not all topics in these chapters will be covered; more detailed chapter and section assignments will be given in class.

Calculator:

Calculators might be used when solving problems on the problem sets, including scientific, programmable, graphing, financial, or software (such as Excel). However, on the exams you will be allowed to *only* use scientific calculators. You will not be allowed to programmable or financial calculators or any other calculators capable of directly calculating bond price, annuity value, yield to maturity, or duration. In order to prepare for this, I would strongly suggest everyone to make sure you will have a scientific calculator available to you in the near future and make sure you are able to solve problems using it.

Disabilities:

If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately.

Academic Integrity:

You are expected to be familiar with and to follow the University's policies on academic integrity (<http://lts.brandeis.edu/teachlearn/support/academic-integrity/index.html>). Instances of alleged dishonesty will be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University.