

**Investment Analysis and Management
(MGMT 471, Section 001; CRN: 13601)
Fall 2014**

Instructor: Dr. Hsuan-Chi Chen

Class Schedule: Tuesday and Thursday; 9:30 am --10:45 am

Classroom: ASM 1016

Office Location: ASM 2091

Office Hours: TR 9:00 am-9:30 am; 2:00 pm - 3:00 pm or by appointment

E-mail Address: chenh@unm.edu

(Please indicate the course number "MGMT 471" in the subject section of your e-mail.)

Office Phone Number: (505) 277-4702

Materials:

Required

Text: Zvi Bodie, Alex Kane, and Alan Marcus, *Essentials of Investments*, 9/e, 2012.

The e-book is also available. You can search for it at www.coursesmart.com.

Lecture notes and supplement materials are available on UNM Learn. Please check <https://learn.unm.edu/>.

Calculator: Financial calculator preferred

Recommended

The Wall Street Journal

Course Description:

This course discusses fundamental principles related to investment analysis and management. Topics include investment environment, security markets, mutual funds, asset pricing, bond prices, bond yields, and option valuation. We will learn how security markets function, how to form a portfolio, the trade-off of risk and return, how to value bonds, how to evaluate options, and delta hedge your stock investment. The project is also used to study investment analysis problems.

As we move through the material in this course, it is a good idea to keep in mind: "How the material discussed in class may help my real-world investment decisions?" One ancillary goal of this class is to help you understand and critically evaluate investment advice from brokers and the financial press.

Course Objectives:

The specific objectives of this course are to obtain knowledge in the following topics:

- 1- Investments: Background and Issues
- 2- Asset Classes and Financial Instruments
- 3- Securities Markets
- 4- Mutual Funds
- 5- Risk and Return
- 6- Efficient Diversification
- 7- Capital Asset Pricing and Arbitrage Pricing Theory
- 8- The Efficient Market Hypothesis
- 9- Bond Prices and Yields
- 10-Option Valuation

Prerequisite: MGMT 326.

You should know some basic mathematics and statistics such as how to do differentiation, and how to calculate mean, variance, and covariance. You should also know how to use Excel to do some spreadsheet work.

Grading Scale:

A+	97 – 100
A	93 – 96.99
A-	90 – 92.99
B+	87 – 89.99
B	83 – 86.99
B-	80 – 82.99
C+	77 – 79.99
C	73 – 76.99
C-	70 – 72.99
D+	67 – 69.99
D	63 – 66.99
D-	60 – 62.99
F	below 60

The components of semester grade are listed as follows:

- The first three exams: 40% (20% each for the two exams with higher scores; the exam with the lowest score will be dropped.)
- Final exam (**comprehensive and required**): 25%
- Project: 10%
- Quizzes: 15% (equally weighted for each quiz; the quiz with the lowest score will be dropped.)
- Attendance/homework: 10% (equally weighted for each class period and homework assignment)

Exams:

There will be four exams throughout the semester. The first three exams are held during our normal class hours on the exam dates specified in the course outline below. The final exam is an exception; it follows the UNM final examination schedule. Please mark these important exam dates on your calendar.

The exams consist of numerical problems. **Make-up exams will not be given.** However, I will drop the lowest grade among the first three exams (any missed exam automatically equals zero). The final exam is required for every student and is a comprehensive and integrated exam covering materials taught in the whole semester.

When taking exams, you are allowed to bring in a financial calculator. You may also bring one 8.5"x11" sheet of paper, on both sides of which you can jot down formulas or notes you would like to use during the exam. This formula sheet cannot be shared with other students during the exam.

Project Assignments:

There will be two project assignments for this course. Students are encouraged to form project groups/teams of **four to five members**. Due dates and relevant information will be given when the corresponding material has been covered. For each case/project, each team will turn in a typed report (single-spaced; may include exhibits, tables, and references to support arguments) on the due date. No late reports will be accepted.

Also, for avoiding the free rider problem, the team coordinator should briefly state the contributions of all members and obtain their signatures for confirming the coordinator's statements **on the cover page of each project/report**. Each individual signature on the cover page of any report is counted as one attendance record (see the attendance/homework policy below) of that individual member. If the team coordinator has made reasonable efforts to obtain the signatures of team members (for example, some e-mails to the whole team can serve as evidence of notification) but still cannot get some by the due date, the responsibility is on the part of each individual member who does NOT sign. No excuse will be accepted because the signature should be done by the due date.

If any member on a team does not make any meaningful contribution to the joint project, that member should be dismissed from the team. The team should e-mail a notice of the member's removal to both the non-contributing member and the instructor at least 24 hours before the due date.

Quizzes:

To encourage you to review class material and practice numerical problems, we have several quizzes during our normal class hours. Any missed quiz automatically equals 0. The quiz with the lowest score will be dropped. For example, suppose we have 4 quizzes and student S has scores of 75, 85, 92 and misses one quiz (a default score of 0). In this case, the average score of three top quizzes is 84 and contributes 12.6 points ($84 \cdot 15\%$) to the semester grade, since quizzes make up 15% of the semester grade.

Attendance/Homework:

This course is demanding in quantitative skills. Missing one class can present an obstacle to subsequent learning. For this reason, students are expected to attend class regularly and participate in discussions. Please come to class on time and turn off your communication devices before class.

Attendance sheets may be signed during the class and will serve as your attendance records. Homework will be assigned for practicing numerical problems and improving your quantitative skills. No late homework assignments will be accepted.

Attendance records (including the signature on homework that you turn in) and homework assignments (counted **only when you practice at least 2/3 of all sub-problems in each homework assignment**) will be equally weighted as records of your class participation and will count toward your semester grade. If you turn in homework with signature but you do NOT practice at least 2/3 of all sub-problems on the homework due date, you receive one attendance record but miss one homework (practice) record. For example, student S signed 18 out of 20 attendance sheets (including each homework signature) and missed one out of ten homework assignments. Thus, student S completed 27 out of 30 records in total. Since each record is equally weighted, the average for attendance/homework is 90 (27/30) and contributes 9.0 points (90*10%) to the semester grade.

Academic Integrity:

Anderson School of Management faculty, staff and students commit to values of trust, honesty, integrity, and accountability. We will not tolerate academic dishonesty. By enrolling in any course at Anderson, the student accepts the Anderson Academic Honesty Code and affirms the following pledge:

I will not lie, cheat, fabricate, plagiarize or use any other dishonest means to gain unfair academic advantage.

Any violation of the code of conduct will be taken very seriously and appropriate sanctions will be applied. FOR FULL TEXT OF ANDERSON'S ACADEMIC HONESTY CODE, please visit <http://www.mgt.unm.edu/honesty>.

ADA Statement:

Reasonable accommodation will be given to any individual with a legitimate disability. Please contact the instructor privately for arrangements. If you are a qualified person with disabilities who might need appropriate academic adjustments, please communicate with me as soon as possible so that we may make appropriate arrangements to meet your needs in a timely manner. Frequently, we will need to coordinate accommodating activities with other offices on campus. Course materials can be made available in alternative formats. (Services on Campus in UNM Pathfinder)

Course Outline

Part 1: Elements of Investments

Chapter 1: Investments: Background and Issues

Chapter 2: Asset Classes and Financial Instruments

Chapter 3: Securities Markets

Exam #1 (September 18, Thursday)

Chapter 4: Mutual Funds and Other Investment Companies

Part 2: Portfolio Theory

Chapter 5: Risk and Return: Past and Prologue

Chapter 6: Efficient Diversification

Exam #2 (October 16, Thursday)

Chapter 7: Capital Asset Pricing and Arbitrage Pricing Theory

Chapter 8: The Efficient Market Hypothesis

Exam #3 (November 13, Thursday)

Part 3: Debt Securities

Chapter 10: Bond Prices and Yields

Part 4: Derivative Markets

Chapter 16: Option Valuation

Mandatory Final Exam (December 9, Tuesday, 7:30 am-9:30 am; UNM final exam schedule)

Note: The final exam is **a cumulative exam** based on the requirement of finance area. Also, the exam is held in our regular meeting room.

*Course outline is tentative and may be changed.