
FIN 650: Financial Investments

Syllabus, Spring 2022

Instructor: Stefanos Delikouras

University of Miami, 514-L Jenkins Building, Coral Gables, FL 33124

phone: (305) 284-1864 *email:* sdelikouras@bus.miami.edu.

course website: FIN650 on Blackboard.

Class Meetings

- Tue/Thu 1:00 PM – 3:00 PM; Location: Stubblefield 308.

Textbooks

Investments by Bodie, Kane, and Markus (BKM), Pearson, 12th Edition.

Office Hours

Thursday 4:30 PM – 6:30 PM and By Appointment

TA Office Hours: TBA

Important Guidelines for Health Safety against COVID-19

- **Face Coverings:** Face coverings are mandatory at all times during on-campus class sessions. Failure to follow this requirement is grounds for disciplinary action and may lead to removal from the classroom and/or the course.
- **Daily Symptom Checker:** Students are required to use the Daily Symptom Checker and be cleared to attend class each day. Students may be asked to show the green “Good to Go” notice. You may be required to produce your notice at any time while on campus. Students who fail to comply or to produce their “Good to Go” notice will be asked to leave the classroom.

Important Guidelines for Video Recordings and Class Attendance

- **Video Recordings:** Students are expressly prohibited from recording any part of this course. Meetings of this course might be recorded by the University. Any recordings will be available to students registered for this class as they are intended to supplement

the classroom experience. Students are expected to follow appropriate University policies and maintain the security of passwords used to access recorded lectures. Recordings may not be reproduced, shared with those not in the class, or uploaded to other online environments. If the instructor or a University of Miami office plans any other uses for the recordings, beyond this class, students identifiable in the recordings will be notified to request consent prior to such use.

- **Copyright:** Professor Delikouras is the copyright owner of the courseware; individual recordings of the materials on Blackboard and/or of the virtual sessions are not allowed; and such materials cannot be shared outside the physical or virtual classroom environment.
- **In-Class Attendance:** Physical attendance in the classroom is required as scheduled. If at some point in the semester you cannot physically attend class sessions due to illness, injury, or other approved absence, you must contact me. In the case of illness or quarantine, you will have access to video recordings of the class. However, the class will NOT be streamed live. Unexcused absences from the classroom may affect your grade or lead to failing the course.
- **Smartphones and Tablets:** The use of smartphones and tablets are strongly prohibited during exams. The use of smartphones is also prohibited during lectures.

Course Objectives

The course covers fundamental concepts of investment theory and financial markets. This includes an introduction to portfolio theory, asset pricing, and the analytical tools of portfolio management.

Covered Topics

The main course objective is to impart the knowledge and skills needed to build and manage large portfolios. Specifically, you will learn how to identify firms that may serve as good investments and how to use them to form portfolios. To achieve this primary objective, the course material has been designed to sharpen quantitative skills and enable the proficient use of Excel to manipulate large data sets. By the end of the course, students will be able to use Excel to form portfolios, evaluate them, and rebalance them appropriately. The course will conclude with a discussion of derivatives (futures, forwards, and options).

Honor Code

All students must comply with the University of Miami and Miami Herbert Business School policies for conduct and academic honesty at all times during this course. Any violations of these policies will result in referral to the appropriate administrative body.

Special Accommodations

If you need an accommodation for a disability, please let me know at your earliest convenience. Some aspects of the course, the assignments, and the in-class activities may be modified to facilitate your participation and progress. As soon as you make me aware of your needs, we can work with the Office of Services for Students with Disabilities to help us determine appropriate accommodations. I will treat information you provide as private and confidential. If you are planning to miss a lecture due to religious reasons you need to notify me within three days within the first three days of classes.

Smartphone, Tablet, and Laptop Use

Smartphones and tablets are strongly prohibited during exams. Smartphones are also prohibited during lectures. The use of tablets and laptops during lectures is allowed provided that these devices are used for class-related material, e.g., taking notes, solving problems in EXCEL, and downloading financial data from the internet. Please note that during class, I reserve the right to ask you to turn these devices off.

General Guidelines

- **EXCEL:** For this class, you are expected to familiarize yourselves with EXCEL. EXCEL is the easiest way to answer the questions in the problem sets and the exams.
- **Readings:** You are expected to complete the required readings **before** each class. The readings for each class include relevant sections from the textbook, lecture notes, and additional resources posted on Blackboard.
- **Lecture Notes:** Lecture notes will be posted on the course web site (Blackboard) **prior** to the lecture date.
- **Problem Sets:** There will be three group problem sets and an individual assignment. You need to upload your completed problem sets on Blackboard prior to the specified deadline. I will not accept problem sets submitted past the deadline.
- **Active Participation:** During lectures, I like to ask a lot of questions.

Difficult Topics: If you find certain sections of the course difficult, do not panic! I encourage you to discuss these topics with me, the TA, and your colleagues.

Continuous Feedback: I encourage you to give me feedback about course material, teaching style and anything else that would help you understand finance concepts better. You should come and talk to me in person if you have any concerns and/or suggestions.

Examinations and Grading

- **Exams:** There will be **two** exams:

- **Midterm: Tuesday, February 8th 2022.**
- **Final: Thursday, March 3rd 2022.**
- I will be discussing what to expect in the exams during lectures.
- Time permitting, I will also hold a review session before the exams.

Both Exams will take place in class, during regular class time. If you need to miss an Exam due to a health, family or professional emergency, we will need to reschedule a make-up exam outside regular class hours. In this case, you need to provide appropriate justification (e.g., proof of travel arrangements, doctor's note, etc.).

- **Grading Policy:**

- Maximum Possible Score: **100**.
- *Midterm*: **25** points of your grade.
- *Final*: **35** points of your grade.
- *Group Problem Sets*: **20 points**. There will be roughly three problem sets. For these problem sets, you will work in groups, which I will assign. You will get the full 20 points if you turn in **ALL** problem sets answered correctly in a clean and presentable way, showing considerable effort for **ALL** questions. Problem sets are the best way to practice for the exams.
- *Individual Assignment*: **20 points**. There will be one individual assignment on portfolio optimization and performance evaluation.

- **Grade Distribution:** Your grades will be curved at the end of the course. Following the guidelines of the Miami Herbert Business School, the grade distribution will be curved so that the average grade is around **B**.
- **No Extra Credit Assignments:** There will not be any extra assignments designed to compensate for low grades in exams. This is a university-wide policy, and there will not be exceptions to this rule under any circumstances.
- **Use of Calculators and Laptops during Exams:** Each student is encouraged to have his or her own calculator or laptop to use during exams. **Sharing** of calculators and laptops during exams is **NOT** permitted. The exams will be conducted in EXCEL.

How to Study for the Class?

- Mainly focus on the lecture notes and problem sets.
- Read the BKM textbook for background information and get a broader perspective on the topics covered in class.
- Use the problem sets to gain further understanding of the basic concepts. Some exam questions will be **similar** to the problem sets.
- To solve the problems in the problem sets and the exams you need to familiarize yourself with a scientific/financial calculator or EXCEL (PREFERRED).

Tentative Topics - Important Dates

1. Introduction;

Suggested Readings: Syllabus

2. Calculating Returns and Measuring Risk, 1/18/2022;

Suggested Readings: BKM, Chapter 5 and Chapter 24.

3. Asset Allocation and Risk Aversion, 1/20/2022;

Suggested Readings: BKM, Chapters 5 and 6.

4. Portfolio Theory, 1/22/2022;

Suggested Readings: BKM, Chapter 7.

5. Asset Pricing: CAPM, 1/25/2022;

Suggested Readings: BKM, Chapters 8 and 9.

6. Asset Pricing: Multifactor Models, 1/27/2022;

Suggested Readings: BKM, Chapters 10. Group Problem Set 1 Due.

7. Portfolio Performance Evaluation I, 2/1/2022;

Suggested Readings: BKM, Chapter 24.

8. Portfolio Performance Evaluation II, 2/3/2022;

Suggested Readings: BKM, Chapter 24. Group Problem Set 2 Due.

9. **Midterm Exam, 2/8/2022, Regular Class Hours, In Class.**

10. Efficient Market Hypothesis and Technical Analysis, 2/10/2022;
Suggested Readings: BKM, Chapters 11 and 12.
11. Introduction to Derivatives, 2/15/2022;
Suggested Readings: BKM, Chapters 20 and 22.
12. Futures, Forwards, and No-arbitrage Theory, 2/17/2022;
Suggested Readings: BKM, Chapters 22 and 23.
13. Options, 2/22/2022;
Suggested Readings: BKM, Chapter 21.
14. Cryptocurrencies, 2/24/2022
Suggested Readings: Lecture Notes.
15. 3/1/2022, Individual Assignment Due. Group Problem Set 3 Due.
16. **Final Exam, 3/3/2022, Regular Class Hours, In Class..**

This is only a TENTATIVE list of topics and problem sets that I plan to cover during the semester. I may ADD or DELETE topics and problem sets from this list or MODIFY the corresponding problem set due dates and exam dates and times as the semester progresses. You are responsible for any changes I announce in class.