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# FIN 320: Investments and Security Markets

Syllabus, Spring 2015

**Instructor: Stefanos Delikouras**

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*course website:* FIN320 on Blackboard.

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## Class Meetings

- **Section 1 (FIN320K):** MoWe, 6:25 PM – 7:40 PM, location: Dooly Memorial building, Room 315.

## Textbooks

- 1) Zvi Bodie, Alex Kane, and Alan Marcus (BKM), **Investments**, 9<sup>th</sup> Edition, McGraw-Hill.
- 2) Peter Lynch, **One Up on Wall Street**, Simon & Schuster.

## Office Hours

Monday 5:30 PM – 6:25 PM, or by appointment

## TA Office Hours

**TA: Sima Jannati, email: [s.jannati@umiami.edu](mailto:s.jannati@umiami.edu)**

**hours: Friday 8:00 AM – 9:00 AM, location: Finance Department Ph.D. Offices**

## Course Objectives

The goal of this course is to expose you to the fundamental concepts of investment theory and financial markets. This will include an introduction to stock and bond pricing, portfolio theory, and the analytical tools of portfolio management.

## Honor Code

All students must comply with University 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, tablets, and laptops are strongly prohibited during exams. Although, I don't forbid the use of laptops during the lecture, I reserve the right to ask you to turn these devices off.

## General Guidelines

- **Readings:** You are expected to have required readings completed **before** each class. This will include relevant sections from the BKM book, lecture notes, and journal articles.
- **Lecture Notes:** They will be posted on the course Blackboard site **prior** to the lecture date.
- **Problem Sets:** Suggested problem sets will be assigned but they will not be graded. However, turning in problem sets makes up for **10%** of your grade. You will receive feedback on how well you are doing. Practice problems will be handed in **in groups** (one problem set per group). You need to turn in your problem sets at the beginning of the lecture. I will not accept problem sets after the lecture starts.

- **Active Participation:** During the lecture, I like to ask a lot of questions. Always bring a calculator in class.

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

**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, a midterm and a final.
  - **Final Exam: April 29**, 8:00 PM - 9:30 PM, in class.
  - **Midterm Exam: March 4**, during regular class hours, in class.
  - A score of zero will be assigned if you miss an exam without legitimate reason or prior communication. There will be no make up exams.
  - I will be discussing what to expect in the exams during our normal lectures.
  - I will also hold review sessions before each exam.
- **Grading Policy:**
  - Maximum Possible Score: **100**.
  - *Final Exam:* **39** points of your grade.
  - *Midterm Exam:* **25** points of your grade.
  - *Group Project:* **20** points of your grade. There will be a group project on portfolio optimization based partially on Peter Lynch's book. Read Peter Lynch's book as soon as you can. For the project, you will work in groups. I will **assign** the groups, and the group members will be chosen **randomly**. The grading of the project will be as follows:

- \* During the last lecture (**April 20**), you will present your findings (**5 points** based on quality of presentation) in front of the class, and receive feedback.
  - \* At the beginning of the final exam review lecture (**April 22**), you will hand in the **final report (10 points: 8 points on technical adequacy + 2 points on report quality)**, and your amended presentation slides.
  - \* There will also be **peer review points (5 points)** to ensure that everybody within the group has been contributing equally to the project and problem sets.
  - \* Before spring break, I will spend half a lecture discussing the group project in detail.
- *Participation: 5 points.* The participation grade is based on your active participation in the course. You will get the full 5 points if you come to all the lectures, and show an active interest in the course. Over the course of the semester, I will be frequently taking attendance.
  - *Problem Sets: 10 points.* There will be roughly 7 problem sets. You will get the full 10 points if you turn in **ALL** problem sets in a clean and presentable way, showing considerable effort for **ALL** questions. Problem sets will not be graded on a right/wrong basis, even though I will be giving feedback on how well each group is doing. Problem sets are the best way to practice for the exams.
  - *CFA Ethics Module: 1 point.* As part of this course you will take the CFA online ethics course and exam. Instructions can be found on the Blackboard website.
- **Grade Distribution:** Your grades will be curved at the end of the course. Following the guidelines of the School of Business, 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 during Exams:** Each student is encouraged to have his or her own calculator to use during exams. **Sharing** of calculators during exams is **not** permitted.

## 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 practice problems to gain further understanding of the basic concepts. Some exam questions will be **similar** to the practice problems.

## Tentative Topics - Important Dates

1. Introduction, 0 lectures;  
*Suggested Readings:* Syllabus
2. Time Value of Money and Basic Equity Pricing Formulas, 1 lecture;  
*Suggested Readings:* FIN302.
3. Calculating Returns, 1 lecture;  
*Suggested Readings:* BKM Chapter 5 and Chapter 24.
4. Measuring Risk, 3 lectures;  
*Suggested Readings:* BKM, Chapter 5.
5. Asset Allocation and Risk Aversion, 3 lectures;  
*Suggested Readings:* BKM, Chapters 5 and 6.
6. Portfolio Theory, 3 lectures;  
*Suggested Readings:* BKM, Chapter 7.
7. Asset Pricing: CAPM, 2 lectures;  
*Suggested Readings:* BKM, Chapters 8 and 9.
8. **Finish reading “One up on Wall Street”, Complete CFA Ethics module, Group Project and Midterm Review Session.**
9. **Midterm Exam: March 4, reguclass class time, in class.**
10. Asset Pricing: Multifactor Models, 1 lecture;  
*Suggested Readings:* BKM, Chapter 10.

11. Bond Pricing and Yields, 4 lectures;  
*Suggested Readings:* BKM, Chapter 14.
12. The Term Structure of Interest Rates, 3 lectures;  
*Suggested Readings:* BKM, Chapters 15 and 16.
13. Options, 2 lectures;  
*Suggested Readings:* BKM, Chapters 20, 21, and 22.
14. **Group Paper Presentation: April 20.**
15. **Final Exam Review Session: April 22.**
16. **Final Exam: April 29, 8:00 PM - 9:30 PM, in class.**