Finance 400 Section 01 (13307)
Investment Analysis
Fall 2022

Instructor
Mark Pyles

Class
1:40 – 2:55 TR, Beatty 218

Office
414 Beatty Center

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843-953-7991 (Office); 843-513-8970 (Cell)

Office Hours
TR: 11:00 – 12:00
W: 11:00 - 12:00; 1:00 – 3:00
and by appointment

DESCRIPTION
This course covers basic investment theory with emphasis given to the analysis of securities, portfolio management and the operation of the securities market.

PREREQUISITES
Junior standing, ACCT 203, 204, DSCI 232, FINC 303, ECON 200, 201, MATH 104 or 250

OBJECTIVES
Course Objectives
Successful completion of this course will entail the student has a working knowledge in:

- types of financial investments
- financial market operations
- debt and equity investment valuation
- portfolio theory
- derivatives trading
- portfolio creation and performance evaluation

SB Objectives
Consistent with the goals of the School of Business, this course includes instruction in:

Communication Skills: Students will complete numerous written assignments that test their ability to effectively relate their understanding of investment principals. Assignments will require the student to accurately and effectively implement academic materials in simulated real-world situations. Examples include trading explanations accompanying investment activity in simulated trading accounts and written explanations to accompany financial modeling cases in Excel. Successful completion will require a high level of grammatical and expositional ability, as well as an understanding of the business style of writing.

Quantitative Fluency: This course requires extensive application of mathematical theory and practice. Students will be required to use standard algebraic calculations to solve realistic financial questions. Students will recognize that a level of quantitative proficiency is necessary to benefit from investment activity, from both the professional and private perspectives.
Global and Civic Responsibility: Students will be asked to solve problems related to ethical dilemmas, encapsulated in problems related to the global investment environment. They will be asked to view issues through difference lenses and gain an appreciation for the complexities involved in addressing financial situations in a global economy. Students will learn to trade securities on exchanges around the world, develop an appreciation for the similarities and differences relative to domestic investment, and recognize the benefit of developing a global investment portfolio.

Intellectual Innovation and Creativity: Careful attention will be devoted to placing students in a position where they must utilize resourcefulness and creativity in solving problems related to the investing financial assets. Questions will be asked in ways that require the students to use the materials learned in a variety of ways, rather than simply requiring repetition of known processes. Such flexibility in application is a necessity in successfully addressing changing investment environments. Students will be required to address situations where changing external parameters are not only possible, but expected.

Synthesis: This course requires knowledge from the associated disciplines of accounting, economics, math, and statistics. As such, students are expected to apply a level of proficiency in those subject areas in their understanding of financial principles and investment applications.

COURSE MATERIALS

Textbook
The text is *Fundamentals of Investments* by Jordan, Miller, and Dolvin, 9/e.

Technology
A basic scientific calculator is required. A financial calculator with functions such as present value and internal rate of return will also be used periodically throughout the class. If you buy a new one, I highly recommend the TI BA II Plus. It is inexpensive and is considered very easy to use.

In addition, each student (pursuant to the new policies) must have access to a laptop with Excel, which will be used throughout the course.

COURSE POLICIES

As an institution, we are largely in the post-COVID stage operationally. This means that you can largely expect the course to be as they once were, with solely in classroom instruction and expectation to attend each class period in person. Having said that, we have learned a great deal about what works and does not work in the event of mitigating circumstances, and some of that education can be used to strong benefit going forward. Please keep in mind that it is possible that external events will require an adjustment at any point in the semester. The operations of this course will adhere to any instructions required by the College and will stay within the rules and regulations therein. It is expected that you remain flexible in your approach and ready to pivot should such be deemed necessary. Every effort will be extended toward effective communication from instructor to students, and it is expected the same to be given in return.

Attendance Policy
It is unquestionably expected that each student attend and participate in all class periods, with the exception of College-supported excused absences. However, there is no longer a system for absence memos and much will rely on trust. This course will rely upon an honor-based system where I will assume you make the best efforts possible to attend and participate in the course. In turn, I ask that you please promptly and clearly communicate with me any issues regarding your attendance and/or your participation in the course. I will trust that your explanations for any missed classes are honest and truthful, and will work with you to the degree possible to make up any work missed. Should any student, or the entirety of the class roster, be required to miss class periods due to COVID-related or any other issues, the materials will be made available in an alternative format.

In the end, it simply boils down to mutual respect and trust and I will do my part if you will do yours.

We will return to the classroom as traditionally normal, and it is expected that each student attend in person unless they have a compelling reason to be absent. Other than in the case of the College requiring it, or an instructor decision for a specific class or series of classes, the in-person synchronous classroom experience will not be made available virtually. There is the slight, but very real, possibility that certain class periods will be forced to a completely virtual setting due to either COVID-inspired or other (e.g. inclement weather) circumstances. There also may be instances where the instructor makes the decision to hold a virtual class but will communicate this decision fully with ample notice to the entire class roster. As an important note, one of the silver linings associated with COVID in terms of instruction modalities is that I have personally discovered strong positives to doing exams via Zoom. As such, it is the intent that exams in this course will continue to be administered through Zoom; although the instructor does reserve the right to alter this with ample notice to the entire class roster.

Again, I will remain as flexible as possible throughout, as long as effort and respect is present on your behalf as well.

_Honor Code_
Lying, cheating, attempted cheating, and plagiarism are violations of our Honor Code that, when identified, are investigated. Each incident will be examined to determine the degree of deception involved.

Incidents where the instructor determines the student’s actions are related more to a misunderstanding will handled by the instructor. A written intervention designed to help prevent the student from repeating the error will be given to the student. The intervention, submitted by form and signed both by the instructor and the student, will be forwarded to the Dean of Students and placed in the student’s file.

Cases of suspected academic dishonesty will be reported directly by the instructor and/or others having knowledge of the incident to the Dean of Students. A student found responsible by the Honor Board for academic dishonesty will receive a XXF in the course, indicating failure of the course due to academic dishonesty. This grade will appear on the student’s transcript for two years after which the student may petition for the XX to be expunged. The F is permanent. The student may also be placed on
disciplinary probation, suspended (temporary removal) or expelled (permanent removal) from the College by the Honor Board.

Students should be aware that unauthorized collaboration--working together without permission--is a form of cheating. Unless the instructor specifies that students can work together on an assignment, quiz and/or test, no collaboration during the completion of the assignment is permitted. Other forms of cheating include possessing or using an unauthorized study aid (which could include accessing information via a cell phone or computer), copying from others’ exams, fabricating data, and giving unauthorized assistance.

Research conducted and/or papers written for other classes cannot be used in whole or in part for any assignment in this class without obtaining prior permission from the instructor.

Students can find the complete Honor Code and all related processes in the Student Handbook at http://deanofstudents.cofc.edu/honor-system/studianthandbook/index.php.

Students with Disabilities
The College will provide reasonable accommodations for persons with documented disabilities. Students should apply at the Center for Disability Services/SNAP, located on the first floor of the Lightsey Center, Suite 104. Students approved for accommodations are responsible for notifying me as soon as possible and for contacting me one week before accommodation is needed. For more information, you may visit the disability services website: http://disabilityservices.cofc.edu/.

OAKS
OAKS will be used for this course throughout the semester to provide the syllabus and class materials and grades for each assignment, which will be regularly posted.

Recording of Classes (via ZOOM)
Class sessions will be recorded via both voice and video recording. By attending and remaining in this class, the student consents to being recorded. Recorded class sessions are for instructional use only and may not be shared with anyone who is not enrolled in the class.

Inclement Weather, Pandemic, or Substantial Interruption of Instruction
If in-person classes are suspended, faculty will announce to their students a detailed plan for a change in modality to ensure the continuity of learning. All students must have access to a computer equipped with a web camera, microphone, and Internet access. Resources are available to provide students with these essential tools.

ASSIGNMENTS
Exams
There will be two non-cumulative midterm exams and a non-cumulative final worth 100 points each. The first two exams are given during the regular class period on the dates given in the schedule below. The date and time of the final exam follows the College
Final Exam Schedule. All three exams will be administered virtually, and students will be expected to complete the test via Zoom monitoring.

**Homework**
Homework will be assigned at the end of every chapter. The assignments will not be graded as part of your final grade, but it is highly recommended that you complete them as they will provide a good indication of what you need to know for the tests. Answers to the homework will also be provided as a study aide for quizzes and tests.

**Class Participation**
There will be 25 points available for class participation. While there is certainly a degree of subjectivity to this, I will use the following in evaluating your participation: attendance, participation in discussions pertaining to the materials, and your ability to stay up-to-date with the schedule.

**Projects**
There will be two required projects during the course of the class. These will be Excel-based and demonstrate application of materials taught in the course, using real world data. Each will be introduced approximately 2 weeks before they are due. Each project will be worth 50 points.

**Investment Simulation**
StockTrak is an online investment simulation, where students can buy and sell securities just as you do in the real world. The investment time period is approximately 12 weeks, beginning September 12th and ending December 6th.
As we move throughout the course, students will be required to trade the financial assets as they are covered. To complete the overall requirements, the student must do each of the following during that time period:
   a. Open a Stock-Trak account (free with new textbook, approximately $30 without) and register via the following:

   https://www.stocktrak.com/members/register?session=CofC-FINC400-Fal2022

   b. Make at least one transaction in each security area covered, which includes:
      1. Buy at least one bond (corporate or government).
      2. Buy at least one stock.
      3. Short sell at least one stock.
      4. Buy at least one option (call or put).
      5. Write at least one option (call or put).
      6. Buy or sell at least one futures contract.
      7. Buy at least one fund.
   c. Be willing to discuss (as part of participation score) their activities either in person or virtually via video.
   d. Students will complete two write-ups, one approximately mid-way through the simulation and the other at completion. Each will include the following:
1. Title page with name, date, course, etc.
2. A portfolio printout from Stock-Trak.
3. A 5-page summary of your investment experience, including your successes, failures and strategies. *more detail will be provided as to assignment requirements*

Each write-up is worth 25 points. In addition, any student whose portfolio’s ending value is above its beginning value will earn 2 extra points, and any student whose portfolio has a return greater than the S&P500 will earn an additional 3 points. Thus, the total point potential for this extra credit is 5 points.

**GRADING**

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
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<tbody>
<tr>
<td>Exams (3 * 100 pts. each)</td>
<td>300</td>
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<tr>
<td>Projects (2 * 50 pts. each)</td>
<td>100</td>
</tr>
<tr>
<td>Stock-Trak</td>
<td>50</td>
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<tr>
<td>Class Participation</td>
<td>25</td>
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<tr>
<td>Total</td>
<td>475 Points</td>
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Letter grades are assigned as follows:

- **A** = 90% - 100% (425-475 pts.)
- **B** = 80% - 89% (378-424 pts.)
- **C** = 70% - 79% (330-377 pts.)
- **D** = 60% - 69% (283-329 pts.)
- **F** = below 60% (below 283 pts.)
Tentative Class Schedule:

<table>
<thead>
<tr>
<th>Date</th>
<th>Week</th>
<th>Topic</th>
</tr>
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<tbody>
<tr>
<td>Aug. 23</td>
<td>1</td>
<td>A brief history of risk and return</td>
</tr>
<tr>
<td>Aug. 25</td>
<td>1</td>
<td>A brief history of risk and return (continued)</td>
</tr>
<tr>
<td>Aug. 30</td>
<td>1</td>
<td>A brief history of risk and return (continued)</td>
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<tr>
<td>Sept. 1</td>
<td>2</td>
<td>Buying and selling securities</td>
</tr>
<tr>
<td>Sept. 3</td>
<td>2</td>
<td>Buying and selling securities (continued)</td>
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<td>Sept. 8</td>
<td>3</td>
<td>Security types</td>
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<td>Sept. 13</td>
<td>5</td>
<td>The stock market</td>
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<td>Sept. 15</td>
<td>6</td>
<td>Common stock valuation</td>
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<tr>
<td>Sept. 20</td>
<td>6</td>
<td>Common stock valuation (continued)</td>
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<tr>
<td>Sept. 22</td>
<td>6</td>
<td>Common stock valuation (continued)</td>
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<tr>
<td>Sept. 27</td>
<td>Exam</td>
<td>EXAM #1: Chps. 1-3, 5, 6</td>
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<tr>
<td>Sept. 29</td>
<td>9</td>
<td>Interest Rates</td>
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<tr>
<td>Oct. 4</td>
<td>10</td>
<td>Bond prices and yields</td>
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<tr>
<td>Oct. 6</td>
<td>10</td>
<td>Bond prices and yields (continued)</td>
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<td>Oct. 11</td>
<td>15</td>
<td>Stock options</td>
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<td>Oct. 13</td>
<td>15</td>
<td>Stock options (continued)</td>
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<td>Oct. 18</td>
<td>16</td>
<td>Option valuation</td>
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<td>Oct. 20</td>
<td>16</td>
<td>Option valuation (continued)</td>
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<td>Oct. 25</td>
<td>14</td>
<td>Futures contracts</td>
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<td>Oct. 27</td>
<td>Exam</td>
<td>EXAM #2: Chps 9, 10, 14-16</td>
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<td>Nov. 1</td>
<td>11</td>
<td>Diversification and asset allocation</td>
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<td>Nov. 3</td>
<td>11</td>
<td>Diversification and asset allocation (continued)</td>
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<tr>
<td>Nov. 8</td>
<td>-</td>
<td>Fall break (no classes)</td>
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<tr>
<td>Nov. 10</td>
<td>12</td>
<td>Risk, return, and the SML</td>
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<tr>
<td>Nov. 15</td>
<td>12</td>
<td>Risk, return, and the SML (continued)</td>
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<td>Nov. 17</td>
<td>13</td>
<td>Performance evaluation and risk mgmt.</td>
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<td>Nov. 22</td>
<td>4</td>
<td>Mutual funds</td>
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<tr>
<td>Nov. 24</td>
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<td>Thanksgiving break (no class)</td>
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<td>Nov. 29</td>
<td>13</td>
<td>Performance evaluation and risk mgmt. (cont’d)</td>
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<td>Dec. 1</td>
<td>7/8</td>
<td>Market efficiency and behavioral finance</td>
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<td>Dec. 8 (1:00)</td>
<td>Exam</td>
<td>FINAL EXAM: Chps. 4, 11-13, 7, 8</td>
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