FIN 5354.721 – PORTFOLIO ANALYSIS IN CAPITAL MARKETS
Fall 1, 2020

INSTRUCTOR: Dr. Emiliano Giudici, Department of Economics and Finance

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OFFICE HOURS:

<table>
<thead>
<tr>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
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<tr>
<td>10:30-1:30</td>
<td>9:30-1:30</td>
<td>11:00-2:00</td>
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Due to Covid19, office hours will be only online. In every office hour meeting, students are expected to have specific questions, notes and book available. This should ensure that meetings are productive and timely, and, most importantly, that no student will monopolize access to the instructor preventing access to others.

CLASS MEETING: The course is online and is delivered in an asynchronous fashion. For consistency, new material will be added every Tuesday of the weeks listed in the course outline provided below. You will be required to complete assigned work by the deadlines listed in the course outline below. I will post comments in the news items Tuesdays and Thursdays to “remind” you to keep up and to stimulate discussions / thoughts with questions about the material.

COURSE MATERIAL

- Financial Calculator: Any, however the Texas Instrument BA II Plus is among the easier models to use, and I will use it for demonstrations in class.
- Spreadsheet and word processing software (MS Excel / word preferred).

COURSE DESCRIPTION AND STUDENT LEARNING OUTCOMES (SLO)
The problem of asset allocation in the context of global capital markets is studied. Equity, debt and derivative asset classes are discussed. In addition to equilibrium pricing models, attention is paid to the problems associated with hedging activities. The topics covered will be illustrated with examples from current events from the EU or emerging markets.

Upon successful completion of the course students should be able to: a) evaluate risk and returns of portfolios; b) manipulate portfolio holdings to obtain a portfolio with desired characteristics; c) describe the workings of securities markets and transactions; d) apply multiple security valuation methods; e) explain and evaluate the role of derivatives in portfolio risk management f) construct spreadsheets to evaluate portfolio performance. The mastery of the SLOs will be evaluated with quizzes, tests and activities as described below.

ATTENDANCE / PARTICIPATION POLICY
This course is designed to be online and asynchronous. Your participation and attendance will be evaluated through your submission of participation notes and completion of quizzes by the deadlines listed in the “course outline” section below.
CLASSROOM / ONLINE ENVIRONMENT POLICIES
As a courtesy to the instructor and classmates, each student is invited to:

- Be courteous and helpful to others in message boards and cooperative spaces;
- Always read the assigned material in the order suggested by the instructor;
- Despite the course being asynchronous, try keeping the pace of the course. Getting behind can easily become overwhelming. If needed, upon request, I can release material ahead of the scheduled time.
- Written material should always be submitted by the deadline (completing assignments earlier will always be allowed), and in a clear and professional matter.

EVALUATION METHODS
Mastery of the subject will be evaluated by quizzes, exams and participation. In general, the quizzes will be administered at the end of each chapter / module and will cover applications and problems. Quizzes can be taken an unlimited number of times and only your highest score will be retained for grading purposes. Additionally, your knowledge will be assessed through two proctored semester exams. Each exam will include approximately half of the material covered in the course, and will be heavily based on the applications. Participation and engagement will be rewarded with a set of notes that each student will be required to construct and submit by predetermined deadlines. These notes (participation notes) will be essays that cover the most important topics of each chapter. While quizzes focus on applications, the participation notes are meant to guide students through the discovery of the important concepts in each chapter. Each set of notes will have a set of questions / prompts the students need to develop through the readings of lecture notes and the textbook.

The overall course grade will be computed with the following weights:

2 exams: 30% (15% each proctored exam)
Average of Quizzes 50%
Participation Notes (each graded as pass / fail) 20%

The grade in the course will be obtained by averaging the grades earned in exams, quizzes and notes with the weights listed above. The distribution of the final letter grades will be based on the weighted average discussed above according to the following criteria: >=90 A, 80-89.9 B, 70 – 79.9 C, 60 – 69.9 D, < 60 F.
The course is divided in three sections: the investment background (how securities are traded), the fundamentals of investment theory and, lastly, valuation different securities and their impact in a portfolio.

<table>
<thead>
<tr>
<th>Week</th>
<th>Book Readings (9th Ed.)</th>
<th>Description of Readings and Modules in D2L</th>
<th>Assignments &amp; due dates</th>
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<tbody>
<tr>
<td>Mon 8/24</td>
<td>1 / 2</td>
<td>Introduction / Investment Setting / The Asset Allocation Decision (Mod. 01, 02, 03, 04)</td>
<td>PN 1, Q01</td>
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<td>Mon 8/31</td>
<td>4</td>
<td>Organization And Functioning Of Security Markets (Mod. 05)</td>
<td>PN 2, Q02</td>
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<td>5</td>
<td>Security Market Indexes (Mod. 06)</td>
<td>Q03</td>
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<td>Mon 9/7</td>
<td>7</td>
<td>Intro To Portfolio Management (Modern Portfolio Theory) – (Mod 07)</td>
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<tr>
<td>Mon 9/14</td>
<td>7</td>
<td>Intro To Portfolio Management (Modern Portfolio Theory) - continued</td>
<td>PN 3, Q05</td>
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<tr>
<td>Mon 9/21</td>
<td>8</td>
<td><strong>EXAM 1 (9/22, covers up to chapter 7 and quiz 5)</strong> - Asset Pricing Models (Mod. 08)</td>
<td>PN 1 – 3, Q01-05 due</td>
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<td>Mon 9/28</td>
<td>9</td>
<td>Multifactor Models (Mod 09)</td>
<td>PN 5, Q07</td>
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<td>11</td>
<td>Intro To Security Valuation (Mod. 10)</td>
<td>PN 6, Q08</td>
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<td>Mon 10/5</td>
<td>17 / 18</td>
<td>Bond Fundamentals / Bond Analysis And Valuation (Mod. 11)</td>
<td>PN 7, Q09</td>
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<td>20/22</td>
<td>Option Contracts (Mod. 12)</td>
<td>PN 8, Q10</td>
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<td>Mon 10/12</td>
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<td><strong>EXAM 2 (10/12, covers chapters 8 through 22 and quizzes 6 through 10)</strong></td>
<td>PN 4 – 8, Q06-Q10 due</td>
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PN: Participation Notes (PN1 through PN3 are due on the day of the first exam, 9/22, the rest is due the day of the final, 10/12),
Q: Quizzes (Quizzes Q01 through Q05 are due by the day of the first exam, 9/22, the rest is due the day of the final, 10/12)
Program Learning Outcomes:
Program learning outcomes define the knowledge, skills, and abilities students are expected to demonstrate upon completion of an academic program. These learning outcomes are regularly assessed to determine student learning and to evaluate overall program effectiveness. You may access the program learning outcomes for your major and particular courses at http://cobweb.sfasu.edu/plo.html.

General Student Policies:

Academic Integrity (4.1)
Academic integrity is a responsibility of all university faculty and students. Faculty members promote academic integrity in multiple ways including instruction on the components of academic honesty, as well as abiding by university policy on penalties for cheating and plagiarism.

Definition of Academic Dishonesty
Academic dishonesty includes both cheating and plagiarism. Cheating includes but is not limited to (1) using or attempting to use unauthorized materials to aid in achieving a better grade on a component of a class; (2) the falsification or invention of any information, including citations, on an assigned exercise; and/or (3) helping or attempting to help another in an act of cheating or plagiarism. Plagiarism is presenting the words or ideas of another person as if they were your own. Examples of plagiarism are (1) submitting an assignment as if it were one’s own work when, in fact, it is at least partly the work of another; (2) submitting a work that has been purchased or otherwise obtained from an Internet source or another source; and (3) incorporating the words or ideas of an author into one’s paper without giving the author due credit. Please read the complete policy at http://www.sfasu.edu/policies/academic_integrity.asp.

Withheld Grades--Grades Policy (5.5)
Ordinarily, at the discretion of the instructor of record and with the approval of the academic chair/director, a grade of WH will be assigned only if the student cannot complete the course work because of unavoidable circumstances. Students must complete the work within one calendar year from the end of the semester in which they receive a WH, or the grade automatically becomes an F. If students register for the same course in future terms the WH will automatically become an F and will be counted as a repeated course for the purpose of computing the grade point average.

Students with Disabilities
To obtain disability related accommodations, alternate formats and/or auxiliary aids, students with disabilities must contact the Office of Disability Services (ODS), Human Services Building, and Room 325, 468-3004 / 468-1004 (TDD) as early as possible in the semester. Once verified, ODS will notify the course instructor and outline the accommodation and/or auxiliary aids to be provided. Failure to request services in a timely manner may delay your accommodations. For additional information, go to http://www.sfasu.edu/disabilityservices/.

Acceptable Student Behavior
Classroom behavior should not interfere with the instructor’s ability to conduct the class or the ability of other students to learn from the instructional program (see the Student Conduct Code, policy 10-4). Unacceptable or disruptive behavior will not be tolerated. Students who disrupt the learning environment may be asked to leave class and may be subject to judicial, academic, or other penalties. This prohibition applies to all instructional forums, including electronic, classroom, labs, discussion groups, field trips, etc. The instructor shall have full discretion over what behavior is appropriate/ inappropriate in the classroom. Students who do not attend class regularly or who perform poorly on class projects/exams may be referred to the iCare Early Alert Program. This program provides students with recommendations for resources or other assistance that is available to help SFA students succeed.