

C. T. Bauer College of Business
University of Houston

INVESTMENT MANAGEMENT
FINA - 4320

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Teaching Assistant: To be announced
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Course Description

This course is designed to provide a sound foundation for the fundamental concepts and techniques in investments. Students who master the course material will acquire the analytical tools and financial theories necessary for making rational investment decisions and understanding the paradigms by which financial securities are valued. The course will prepare students for more advanced courses in Finance. The course is highly quantitative and relies heavily on analytical tools and economic theories. Students should be comfortable with probability, statistics, and regression analysis.

Prerequisite

Students are expected to be familiar with basic concepts in mathematics, statistics, and Excel spreadsheets. The prerequisites for this course are the following:

- 1) Junior standing
- 2) ECON 2304: Microeconomic Principles
- 3) FINA 3332: Principles of Financial Management
- 4) STAT 3331: Statistical Analysis for Business Applications I

The instructor is not authorized to waive prerequisites.

Recommended Texts

- 1) Essentials of Investments, Ninth Edition, by Zvi Bodie, Alex Kane, and Alan J. Marcus (henceforth “BKM”), ISBN 9780078034695 (either hardcover or paperback)
- 2) Lecture notes and other supplemental articles will be provided during the class or on the course website.

Course Requirements and Grading

The course requirements include attendance, pop quizzes, a Midterm exam, a Final exam, and weekly homework assignments. **Late homework will NOT be accepted. No makeup exams** will be given without documented medical or family emergency. You must notify me before the exam if either of these events occurs. Further, a formal hard copy request for a makeup exam must be submitted along with supporting documents. The decision on the makeup exam will be made after review of such documents. Makeups will be under the conditions set by the instructor. Exams missed for any other reason will result in a score of zero. Grading policy will be given on the first day of class.

Class Policies

- 1) Students are expected to come to class on time and must behave in a professional manner during class. Switching between sections is not allowed without permission.
- 2) Phones are to be turned off or switched to manner mode. Texting is not allowed.
- 3) **Using a laptop or a tablet in class is strictly prohibited for the first two weeks. Using a smart phone in class is NOT allowed throughout the course:** You will learn more effectively by hand-writing than typing, not to mention keeping Facebook and Twitter from distracting you. Protecting your eyes from electromagnetic radiation is a bonus.
- 4) Students are responsible for checking the course website and emails regularly for the update.
- 5) Students are required to adhere to the standards of conduct of the *Bauer Code of Ethics and Professional Conduct* and the *UH Student Handbook*.
- 6) Students with disabilities: Please contact the instructor and the Center for Students with Disabilities (<http://www.uh.edu/csd>) for assistance: (713)743-5400.

Outline for FINA-4320 (Preliminary, Subject to Change)

Part I – Investment: Background

Core Elements in Investment Management

Financial Assets and Market

Data Analysis Tool (R project)

Part II – Portfolio Theory

Equity Securities

Risk and Return Trade-off

Portfolio Theory

Factor Models

Efficient Market Hypothesis

Behavioral Finance and Technical Analysis

Advanced Topics in Investment and Asset Pricing

Financial Data Analysis

Part III- Debt Securities and Derivatives

The Money and Bond Market

Bond Prices and Yields

Derivative Markets

Arbitrage and Derivatives

Option Valuation