INVESTMENTS SYLLABUS

COURSE NUMBER: MBA720
COURSE TITLE: Investments
CREDITS: 3 credits
PREREQUISITES/COREQUISITES: None
FOR WHOM PLANNED: This course is an elective class for MBA students.

INSTRUCTOR INFORMATION:

Instructor: Dr. Dayong Huang
Room: 338 Bryan
Phone: 336-256-0124
Email: d_huang@uncg.edu
Office Hours: Tuesday 3:30-5:00 p.m. and Thursday 12:30-2:00 or by appointment

CATALOG DESCRIPTION:

This course covers theories and practices related to asset allocation, asset pricing, stock return predictability, stock market anomalies, and fixed income pricing.

STUDENT LEARNING OUTCOMES

Upon successful completion of this course students will be able to:

1) Create portfolios that maximize portfolio expected returns for given portfolio volatilities.
2) Analyze the development in asset pricing theories for asset allocation.
3) Assess the evidences on whether stock returns are predictable.
4) Assess anomalies in the stock market and evaluate if these anomalies are explained by risk or by behavioral based models.
5) Analyze the general macro-economic environment for portfolio management.
6) Assess stock’s fair value using various pricing models.

REQUIRED TEXTS/READINGS/REFERENCES:

Recommended Readings:


**EVALUATION AND GRADING:**

Trading Simulation: 10%
Industry Analysis Presentation: 10%
Class Participation and Discussion: 5%
Homework Assignments: 15%
Exam1: 20% (09/24/2019)
Exam2: 20% (10/29/2019)
Final: 20% (Tuesday 12/10/2019, 6:30-10:00 p.m.)

Grading Scale will be as follows:

- 92%-100% = A
- 90%-91.9% = A-
- 88%-89.9% = B+
- 82%-87.9% = B
- 80%-81.9% = B-
- 78%-79.9% = C+
- 72%-77.9% = C
- 70%-71.9% = C-
- 68%-69.9% = D+
- 62%-67.9% = D
- 60%-61.9% = D-
- Below 60% = F

The simulation requires you to trade stocks in investopedia. Minimum numbers of trades are 2 trades per week. It is graded based upon the number of trades, effort, and performances. We use investopedia.com for simulation. You need to submit your trading history twice, one is due on 10/08/2019 and the other is due on 11/12/2019. Each team can have 3 students. Fill out the following template for 10 of your trades. I need your summary trading history printed out from the
investopedia.

<table>
<thead>
<tr>
<th>Price</th>
<th>PE</th>
<th>ROA</th>
<th>ROE</th>
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</thead>
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Paste MACD and stochastic figure here (from Yahoo Finance)  
I need to see 50 and 200 day exponential moving average, MACD, slow stochastics, etc, use 1-year chart.

| Other Comments (Important) | Fill this out |

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**Industry Analysis.** I will assign some firms for you to study. You should analyze its industry and a main competitor in detail.

a), Describe what they do.
b), Discuss their financial ratios, over the years and compare with competitors. Data are available at Mergent at UNCG digital library.
c), Discuss the general macro economy and the trends in your industry, and most importantly, the firms’ competitiveness.
d), What do you think their fair price should be? Consider P/E ratio approach, or Free Cash Flow Approach.
e), Your findings.

Each presentation is about 20 minutes and we will use some class time for presentations. You need to prepare powerpoint slides (less than 15 slides) for your presentation. Please Email me your slides and turn in a hardcopy on the day you present. Grading of project is based on the depth of your study and the clarity of your presentation.

Each team can have up to 3 students.

**Homeworks.** You can do it with a team-mate or submit your own solutions.

Exam 1 and 2 are 75 minutes long. All exams consist of both multiple choices questions and problems

**Class participation and discussion:** It is based on the quality of your discussion. Notes/cases will
be provided before class for reading and discussion.

**TOPICAL OUTLINE/CALENDAR:**

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<thead>
<tr>
<th>Topic</th>
<th>Topic</th>
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<tbody>
<tr>
<td>Topic 1</td>
<td>Risk Aversion Ch6</td>
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<td></td>
<td>Allocation of Funds between Risk Free Assets and Risky Assets</td>
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<tr>
<td>Topic 2</td>
<td>Allocation of Funds among Risky Stocks Ch7</td>
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<td>Topic 3</td>
<td>Stock Return Predictability (John Campbell)</td>
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<td>Topic 4</td>
<td>The CAPM and the Multi-factor Asset Pricing Models (CH8 9 10)</td>
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<td>Topic 5</td>
<td>Stock Return Anomalies, EMH and Behavioral Finance (Ch 11 &amp; 12)</td>
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<td>Topic 6</td>
<td>Bonds (Ch 16)</td>
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<td>Topic 7</td>
<td>Macroeconomics and Industry Analysis Ch 17</td>
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<td>Topic 8</td>
<td>Financial Statement Analysis Ch19</td>
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<td>Topic 9</td>
<td>Equity Valuation Models Ch18</td>
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<td>Topic 10</td>
<td>Options</td>
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**ACADEMIC INTEGRITY POLICY:** Students are responsible for becoming familiar with the Academic Integrity Policy in all its aspects and for indicating their knowledge and acceptance of the Policy by signing the Academic Integrity pledge on all major work submitted for the course. Specific information on the Academic Integrity Policy may be found on the UNCG web site at [http://academicintegrity.uncg.edu](http://academicintegrity.uncg.edu)

**ATTENDANCE POLICY:** You are expected to attend all classes and participate in discussions. While it is understood that graduate students have busy schedules that include business conflicts, please exercise good judgment in missing class only when necessary. Your final grade in this course is based upon your value in course discussions – it is impossible to add value when you are absent from the discussions. As to individual assignments understand that assignments will be accepted early, but no assignment will be accepted late except under the terms noted in the syllabus.