

**The University of North Carolina at Greensboro**  
Joseph M. Bryan School of Business and Economics  
Accounting and Finance

Fin 442-01: Investments  
Fall 2019  
Tuesdays and Thursday 11:00 to 12:15

**I. Instructor**

James A. Milanese  
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(336) 334-4864  
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Office Hours: Tuesday and Thursday 9:30 to 11:00 or By Appointment

**II. Course Material**

Zvi Bodie, Alex Kane and Alan J. Marcus; *Investments 11<sup>th</sup> Edition*; McGraw-Hill Irwin;  
2018. ISBN: 9781259277177

Handouts, supplemental readings and guest speakers.

**Important Requirement:** We will not be using financial calculators in the class. All students are required to have either a laptop computer or tablet with Excel.

**III. Purpose**

The objective of this course is to further the student's understanding of investment principles and practices, investment policies, security analysis, and the mechanics and mathematics of security purchases. Other important aspects include long- and short-term fluctuation of security prices, functions of securities markets and regulatory bodies, and individual investment needs.

## IV. Learning Objectives

Upon successful completion of this course, the student should:

1. Possess a thorough knowledge of available investment products and the risk/return characteristics of each.
2. Understand the investment process and create a portfolio that meets the specific needs of a given investor.
3. Be able to calculate the intrinsic value of equity and fixed income securities and estimate the expected returns of each.
4. Understand the various markets for these securities and the types of transactions that occur in these markets.
5. Conduct the economic, industry and company-specific research necessary to make informed investment decisions.

## V. Final Grade Determination

Exam 1	September 12	15%
Exam 2	October 3	15%
Group Research Project	October 29	15%
Exam 3	November 14	15%
Portfolio Project	Multiple Due Dates	10%
Cumulative Final Exam	December 10 (Noon to 3:00)	30%

Note: **NO** make-up exams will be given. If you miss one or more of the mid-term exams, and can provide documentation of a valid excuse, the weight of those exams will be added to the final exam. If documentation cannot be provided, or the reason the exam is missed is not valid, a grade of zero will be assigned. For the most part, a valid excuse will be defined as illness, a death in the family or legal obligation (such as jury duty).

Your final grade will be based on the following scale:

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

The instructor reserves the right to adjust the student's final grade by a maximum of one-half point. This adjustment will only be made for students with regular class attendance and participation.

## **VI. Topics to be Covered**

Overview of Stock Valuation

Creation of Earnings Models

Chapter 1 The Investment Environment

Chapter 2 Asset Classes and Financial Instruments

Chapter 3 How Securities are Traded

Chapter 5 Introduction to Risk, Return and the Historical Record

Chapter 6 Risk Aversion and Capital Allocation to Risky Assets

Chapter 7 Optimal Risky Portfolios

Chapter 9 The Capital Asset Pricing Model

Chapter 10 Arbitrage Pricing Theory and Multifactor Models of Risk and Return

Chapter 11 The Efficient Market Hypothesis

Chapter 13 Empirical Evidence on Security Returns

Chapter 14 Bond Prices and Yields

Chapter 15 The Term Structure of Interest Rates

Chapter 16 Managing Bond Portfolios

Chapter 17 Macroeconomic and Industry Analysis

Chapter 18 Equity Valuation Models

Chapter 19 Financial Statement Analysis

Chapter 20 Portfolio Performance Evaluation

Chapter 27 The Theory of Active Portfolio Management

**Important:** All material in the assigned chapters is “fair game” for test questions, even if not covered in class lectures. In addition, unless specifically told otherwise, students are responsible for all lecture material, even if not covered in the text readings.

## **VII. Guest Speakers**

Throughout the semester, guest speakers may be scheduled for regular class sessions.

When a guest speaker is scheduled, class attendance is mandatory, roll will be taken, and an undocumented absence will result in your final grade being reduced by one full letter grade for each session missed

The following excuses will be considered valid:

- Illness or other medical situation
- Death in the family
- Mandatory court appearance

## **VIII. Students Registered with OARS:**

All students requesting special services must go through the Office of Accessibility Resources and Services (OARS). If you are requesting special accommodations, please bring your paper work from OARS directly to me the first week of class. All such information will be help in confidence. The web link to this office is <http://ods.dept.uncg.edu/services/>.

## **IX. Student Conduct**

Students are expected to conduct themselves in a professional manner at all times. This means, but is not limited to:

- Arriving for class on time
- Doing absolutely nothing during class that is disruptive or detracts from the learning experience of others
- Remaining in class for its duration

Any student disrupting this class will be asked to leave. If the conduct continues, the instructors reserve the right to drop the student from the class.

For an overview of specific University and Bryan School policies, please see the following links:

<http://studentconduct.uncg.edu/policy/code/>

[www.uncg.edu/bae/faculty\\_student\\_guidelines.pdf](http://www.uncg.edu/bae/faculty_student_guidelines.pdf)

## **X. Honor Policy**

All graded material for this class is subject to the UNCG Academic Honor Policy. If you are not familiar with this policy, please use the following link:

<http://www.uncg.edu/reg/Policy/HonorPolicy.html>

## **XI. Prerequisites**

FIN 315 with a grade of C or better.

## **XII. Student Learning Goals – Finance Program**

Each program within the Bryan school has separate learning goals as listed with the degree program. The Finance program has the following learning goals:

1. Finance students will be able to create forward-looking financial statements
2. Finance students will be able to demonstrate the ability to utilize various financial measures to analyze the overall financial health and operating efficiency of the firm.
3. Finance students will be able to thoroughly understand the mathematic process and application of capital budgeting
4. Finance students will thoroughly understand the concepts of the time value of money (TVM), the characteristics of traditional financial securities, and the valuation of these securities.

### Impact of this Course on the Program Student Learning Goals

Upon successful completion of Investments (FIN 442), students will meet various components of three of the four Student Learning Goals. Specifically, FIN 442 has emphasis on Student Learning Goals #1, #2 and #4

### Specific Assignments and Student Learning Goals:

- Goal #1 – Students are required to develop forward-looking income statements, or earnings models, in order to estimate future EPS. This is done for stock valuation purposes.
- Goal #2 – Students will submit an exercise requiring the calculation of various financial ratios in excel, then analyze the overall financial health of the firm compared to industry norms.
- Goal #4 – A significant amount of class time, and exam questions, will be dedicated to TVM. This will focus on the areas of bond valuation, duration analysis and equity valuation.