

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

Fin 442-01: Investments
Fall 2020
Ferguson 248

Section A Tuesdays 9:30 – 10:45
Section B Thursdays 9:30 – 10:45

This class has been broken into 2 sections, A and B. Section A will meet on Tuesdays and Section B will meet on Thursdays. Course material will be supplemented with material placed on canvas. Both sections will take all exams on the same day. It is anticipated that at least the first exam will be administered remotely. All online exams (with the exception of the final exam) will open at 9:30. You will have one hour and fifteen minutes for the first three exams and three hours for the final exam.

I. Instructor

James A. Milanese
Bryan School Room 385
(336) 334-4864
E-mail: JAMILANE@UNCG.edu

Office Hours: By Appointment Only

II. Course Material

Zvi Bodie, Alex Kane and Alan J. Marcus; *Investments 11th 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

Portfolio Project Part 1	September 2	5%
Exam 1	September 11	15%
Exam 2	October 6	15%
Research Project	October 29	15%
Exam 3	November 12	15%
Portfolio Project Part 2	November 19	5%
Cumulative Final Exam	December 3 (8:00 to 11:00)	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. 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 held in confidence. The web link to this office is <http://ods.dept.uncg.edu/services/>.

VIII. 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

IX. 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>

X. Prerequisites

FIN 315 with a grade of C or better.

XI. 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.

XII. An Important Note About Covid 19

As UNCG returns to face-to-face course offerings in fall 2020, the campus community must recognize and address concerns about physical and emotional safety. As such, all students, faculty, and staff are required to uphold UNCG's culture of care by actively engaging in behaviors that limit the spread of COVID-19. Such actions include, but are not limited to, the following:

- [Wearing a face covering that covers both nose and mouth](#)
- Observing [social distance](#) in the classroom
- Engaging in proper hand washing hygiene when possible
- [Self-monitoring for symptoms of COVID-19](#)
- Staying home if you are ill
- Complying with directions from health care providers or public health officials to quarantine or isolate if ill or exposed to someone who is ill.

Instructors will have seating charts for their classes. These are important for maintaining appropriate social distance during class and facilitating contact tracing should there be a confirmed case of COVID-19. Students must sit in their assigned seat at every class meeting and must not move furniture. Students should not eat or drink during class time.

A limited number of disposable masks will be available in classrooms for students who have forgotten theirs. Face coverings will also be available for purchase in the

UNCG Campus Bookstore. Students who do not follow masking and social distancing requirements will be asked to put on a face covering or leave the classroom to retrieve one and only return when they follow these basic requirements to uphold standards of safety and care for the UNCG community. Once students have a face covering, they are permitted to re-enter a class already in progress. Repeated issues may result in conduct action. The course policies regarding attendance and academics remain in effect for partial or full absence from class due to lack of adherence with face covering and social distancing requirements.

For instances where the Office of Accessibility Resources and Services (OARS) has granted accommodations regarding wearing face coverings, students should contact their instructors to develop appropriate alternatives to class participation and/or activities as needed. Instructors or the student may also contact [OARS](#) (336.334.5440) who, in consultation with Student Health Services, will review requests for accommodations.

Health and well-being impact learning and academic success. Throughout your time in the university, you may experience a range of concerns that can cause barriers to your academic success. These might include illnesses, strained relationships, anxiety, high levels of stress, alcohol or drug problems, feeling down, or loss of motivation. Student Health Services and The Counseling Center can help with these or other issues you may experience. You can learn about the free, confidential mental health services available on campus by calling 336-334-5874, visiting the website at <https://shs.uncg.edu/> or visiting the Anna M. Gove Student Health Center at 107 Gray Drive. For undergraduate or graduate students in recovery from alcohol and other drug addiction, The Spartan Recovery Program (SRP) offers recovery support services. You can learn more about recovery and recovery support services by visiting <https://shs.uncg.edu/srp> or reaching out to recovery@uncg.edu

COVID-19 Spartan Shield Video

UNCG Chancellor Frank Gilliam has challenged us to create a Culture of Care at UNCG where we all wear face coverings and social distance, less to protect ourselves but rather more to protect everyone around us. It shows that you care about the well being of everyone around you. We have created this video featuring your student body presidents to better explain how and why this is so important.

Please watch this video before the first day of classes.

<https://youtu.be/Mb58551qxEk>