

FIN 4504 – Section 4003

Equity and Capital Markets – Fall 2013

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Office Hours:	Wednesday from 2:00pm-3:00pm or by appointment
Lecture Time:	Tuesday & Thursday – Periods 9 & 10 (4:05pm – 6:00pm)
Lecture Location:	Gerson 0122
Textbook:	Essentials of Investments, Bodie, Kane, and Marcus, Eighth Edition, McGraw- Hill/Irwin, ISBN: 0077399463 (recommended)

Course Overview & Objectives

FIN 4504 provides an in-depth discussion of fundamental principles related to equity securities and derivatives for both institutional and individual investors. Objectives of this class include understanding

- a) How securities markets function and the types of securities available to investors
- b) Factors that influence a stock's rate of return
- c) Key concepts of portfolio theory and how to develop investment strategies

The primary focus of this course centers on personal financial decisions related to picking stocks and/or equity mutual funds. With the general trend towards defined contribution pension plans in the U.S., most of us will be forced to choose from an array of investments including stocks, bonds, money market funds, and mutual funds. As we move through the material in this course, it's a good idea to ask yourself: "How would what we are talking about in class affect my real-world investment portfolio?"

Course Prerequisites

You are officially required to have taken and passed FIN 3403. A substantial portion of this course will be quantitative in nature and therefore requires you to use Microsoft Excel (or equivalent) and to be familiar with basic statistical concepts such as mean, variance, standard deviation and correlation. Furthermore, basic calculus and algebra skills are a necessity.

Textbook

The recommended text for the course is Bodie, Kane, and Marcus, Essentials of Investments, Eighth Edition, McGraw-Hill/Irwin, 2010. I will be using the text as a rough guide for the lectures, thus the seventh edition of this text should work fine. However, there is material in the eighth edition that is not covered in the seventh edition. We may cover some of this material in class.

Class Notes

I will make class notes available via the course E-Learning website. However, the notes will not be comprehensive. My intent is to provide you with something that will help you follow the lecture and focus on the important material of this class. There will be things discussed in class that will not show up on the class notes but will still be tested within the exam.

Financial Calculator

You will want to have a calculator with you during lectures and especially for exams. Calculators with text storage capability such as those with graphing features are not approved for exams. A financial calculator, such as the HP-10BII used for FIN 3403, would be perfect.

Student Accommodations

Students requesting classroom accommodation must first register with the Dean of Students Office. The Dean of Students Office will provide documentation to the student who must then provide this documentation to the Instructor when requesting accommodation.

Expectations and Grading

Presumably, you are taking this course because you are majoring in Finance and/or you have a keen interest in the subject. As a result, I have high expectations for your effort. Although you will not be graded for your classroom participation, everyone will benefit from engaging in classroom discussion – and your participation will be noticed. Everyone will be more efficient in the classroom if the appropriate materials have been read prior to the lecture. Simply put, the stronger the participation level, the more you will get out of this class.

Grade Breakdown:

Item	Weight	Comment
Exam 1	25%	Units 1-4
Exam 2	30%	Units 5-8
Exam 3	30%	Units 9-12
Homework	15%	Each HW equally weighted

Homework: There will be a few graded homework assignments during the semester. The homework assignments will be based on the lecture materials and the financial press. They are primarily designed to enhance and deepen your understanding of the topics we discuss in class – as well as to touch upon relevant related concepts that we did not discuss directly in class. Depending on our progress, class desire, and my own preference I may make one of the homework assignments an individual or group presentation.

Exams: There will be three exams. All exams will be considered cumulative and may include material from the homework assignments as well, though the material covered during the latter part of the course will be more heavily weighted. There will be no make-up exams. If you have a very legitimate conflict with scheduled exam times, please let me know as soon as possible and it may be possible to schedule an early test date. Exams will likely be a combination of multiple-choice, short answer, and written problems. The largest portion of exam points will likely come from written problems. In-class examples and the problems from the homework assignments should serve as good exam preparation tools.

Re-grading: If a student feels that I have made an error for any reason in grading an exam or assignment, they will need to take the following steps within one week of when the assignment was returned:

- 1) Turn in all graded material for the assignment in question^[1]_{SEP}
- 2) Provide a clear, concise, type-written case along with any necessary documentation that clearly shows why insufficient credit was received.

Each student will only be given one opportunity to make a case for a given assignment, so the case needs to be made as clear and strong as possible. Also, please note that I will re-evaluate the entire assignment, not just the section in question. This may result in a lower grade for the student once all materials have been re-evaluated.

Tentative Schedule

Below is the expected schedule for our time this semester. It is simply a *tentative outline* and may be changed as we progress through the schedule. I will try to incorporate topics that I feel are important for the class to learn while trying to ensure that we hit on topics I feel students are most interested in. Exam dates are also considered to be tentative. My intention is to give the final exam in the class before thanksgiving, but this may also change depending on how we progress through the course material. I have left an extra day at the end to provide flexibility in case we need to spend extra time on any particular topic.

Week	Date	Day	Agenda	Description	References
1	22-Aug	Thr	Intro/Unit 1	Course Outline & Objectives/ Introduction to Investments	Syllabus & BKM Ch1
2	27-Aug 29-Aug	Tue Thr	Unit 2 Unit 2/3	Asset Classes & Financial Instruments	BKM Ch 2
3	3-Sep 5-Sep	Tue Thr	Unit 3 Unit 3/4	How Securities are Issued & Traded	BKM Ch 3
4	10-Sep 12-Sep	Tue Thr	Unit 4 Review Unit 1-4	Mutual Funds/Investment companies	BKM Ch 4
5	17-Sep 19-Sep	Tue Thr	Exam 1 Unit 5	Risk & Return	BKM Ch 5
6	24-Sep 26-Sep	Tue Thr	Unit 5 Unit 6	Diversification-Optimal Portfolio	BKM Ch 6
7	1-Oct 3-Oct	Tue Thr	Unit 6 Unit 7	CAPM & APT	BKM Ch7
8	8-Oct 10-Oct	Tue Thr	Unit 7 Review Unit 5-7		BKM Ch 8/9
9	15-Oct 17-Oct	Tue Thr	Exam 2 Conference-No Class		
10	22-Oct 24-Oct	Tue Thr	Unit 8 Unit 9	Efficient Markets and Behavioral Finance Equity Valuation	BKM Ch 13
11	29-Oct 31-Oct	Tue Thr	Unit 9 Unit 10	Portfolio Performance Evaluation	BKM Ch 18
12	5-Nov 7-Nov	Tue Thr	Unit 10 Unit 11	Derivatives Markets	BKM Ch 15
13	12-Nov 14-Nov	Tue Thr	Unit 11 Unit 12	Option Valuation	BKM Ch 16
14	19-Nov 21-Nov	Tue Thr	Unit 12 Review Unit 9-12		
15	26-Nov 28-Nov	Tue Thr	Exam 3 Thanksgiving No Class		
16	3-Dec	Tue	Extra Day		

Classroom Policies

Students should come to class prepared, having read any supplemental materials and attempted any assigned problems. Working in groups to solve the problems is recommended. Students are encouraged to participate in class with questions and meaningful comments. Students are expected to behave in a professional and courteous manner at all times, not only in interactions with the course instructor, but also with fellow students. Arriving late to class is inconsiderate to both the instructor and peers, so every effort should be made to arrive on time. In accordance with the University of Florida's policy, students should refrain from eating or drinking in the classroom. It is also requested that all cell-phones, pagers, beepers, alarms, etc. be switched off or silenced before the beginning of each class. In addition, the use of laptops will not be permitted during class, unless otherwise instructed for a particular class period in which technology is needed.

University Policies

1. Document retention policy: Student course material will be retained for two weeks after the end of the term.
2. Accommodations for students with disabilities: "Students requesting classroom accommodation must first register with the Dean of Students Office. The Dean of Students Office will provide documentation to the student who must then provide this documentation to the instructor when requesting accommodation."
3. The University's honesty policy regarding cheating and use of copyrighted materials: All students are required to abide by the Academic Honesty Guidelines set forth in the University of Florida Rules – 6C1-4 Student Affairs, 6Ci-4.017 Student Affairs: Academic Honesty Guidelines.

The following website contains details covering these guidelines:

<http://www.aa.ufl.edu/Handbook/students.html>