

Investments – EBGN 398A-A

Instructor: Dr. Becky Lafrancois (Dr. L)

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Office Hours: 8-9 AM and 3-3:45 PM Monday and Wednesday, 9-11 AM Tuesday, or by appointment*

*You may schedule appointments outside of office hours through email.

Class Meetings: Monday, Wednesday, and Friday, 10:00-10:50 AM

Class Location: CTLM – B56

Course Web Pages: Canvas and Connect (I will try to integrate them – wish me luck)

Instructional Activity: 3 hours lecture

Semester Hours: 3

Course Designation: Economics and Business Elective**

** This course does not count as a HASS (LAIS) economics class. It will count towards an econ minor, major, or free elective in your course of study.

Course Description

The objective of this course is to introduce you to the principles of investment in competitive financial markets. This course will provide an overview of financial products, operations of the stock, bond, and other financial markets, stock and bond valuation, portfolio theory, derivatives markets, and investment management.

Prerequisites: EBGN201

Required Materials

Textbook/ebook – *Essentials of Investments 10th Edition* – Bodie, Kane, and Marcus

Online Portal for Homework – *Connect for Essentials of Investments*

Student Learning Outcomes

At the end of the course, students will:

- Identify and describe an array of financial assets
- Discuss how securities markets operate
- Determine the efficient diversification of a portfolio
- Determine the value of bonds and stocks
- Discuss the characteristics of derivative instruments
- Calculate the value of options using the Black-Sholes model
- Use techniques of investment theory to develop long-run investment planning schemas

Topics Covered – additional detail in course calendar

Section 1: Elements of Investments
Section 2: Security Analysis
Section 3: Debt Securities
Section 4: Portfolio Theory
Section 5: Derivative Markets
Section 6: Active Investment Management

Grading

Your grade in this class will be based on your overall percent average, using the following guidelines:

A =	90-100%
B =	80-89.999%
C =	70-79.999%
D =	60-69.999%
F =	below 60%

These guidelines are subject to change, but if you score in the stated range you are guaranteed at least the corresponding grade.

Grades will be maintained and posted on Blackboard.

Summary of Course Components and Grading

Components:	<u>Option 1</u>	<u>Option 2</u>
1. Homework, Online Homework, Other Assignments	15%	15%
2. In-class Assignments	20%	20%
3. Two Non-Cumulative Exams	50%	40%
4. Book Club Assignment	15%	15%
5. Stock Market Simulator Project	<u>0%</u>	<u>10%</u>
	100%	100%

Grievance Procedure: Anyone feeling that a dispute exists after the grading of any assignment or exam may submit a written grievance. The grievance should identify the item in dispute and arguments supporting the student's position. Grievances must be submitted in writing within two class periods following the return of the assignment or exam. I will return a written response within two class periods after receipt.

Grading Components

Homework Problems, Online Homework, Other Assignments – 15% of final grade

Most homework assignments will be conducted using the Connect online learning system. Due dates will be announced in class and posted on Canvas. There will likely be other homework assignments that are submitted in class or on Canvas.

In-Class Assignments – 20% of final grade

A significant amount of class time will be devoted to working on problems individually or in groups. You will turn in these problems for credit. Credit will be given based on completeness and correctness of your work on a scale of 0 to 10.

Two Non-cumulative Exams – 50% of final grade – 25% each

Exams will consist of an in-class portion and a take-home portion. Exams will be comprised mostly of problem solving and analysis of financial information. You will be allowed 1 8.5x11 inch note sheet for in-class portion of exams. *Exam Dates: 10/13, Finals Week Date TBA*

Book Club Assignment – 15% of final grade

There are many books in the popular press that focus on investment topics. This semester you will form a “book club” with approximately 3-4 other students. You will all select the same book to read over the course of the semester. You will be required to lead/participate in group discussions of your book. Your group will also present the book to the class at the end of the semester. In addition, you will be required to write an additional individual report. Complete details will be provided in a separate document.

Optional Project – Simulation Portfolio Management – 10% of final grade – reduces exams by 10%

You will use an investment simulator (How The Market Works) to manage a \$100,000 stock portfolio for 12 weeks (9/11-12/1). In the process of managing your portfolio, you will be required to determine investment goals and an investment strategy. You will submit bi-weekly portfolio updates and write a final report. Full details will be provided in an additional document.

Course Attendance Policy

Please be familiar with the Attendance Policy for the Colorado School of Mines:

<http://inside.mines.edu/Student-Absences>

Exams: The dates of exams are indicated on this syllabus. Please mark your calendars early. I generally do not offer make-up exams, unless there are extenuating circumstances. These circumstances include documented illness, family emergencies, and business/athletic/school related trips. **Excused absences are required for make-up exams to be scheduled.**

Lectures: I expect students to regularly attend and participate in class. If you miss a lecture, it is your responsibility to get any notes and assignments from that class. It is up to you to master the subject matter of the course and to demonstrate the ability to use the tools covered at an acceptable skill level.

Coursework Return Policy

Homework assignments will be graded online and results will be made available immediately. Quizzes will be graded within one week and will be available for review in class.

Students with Disabilities

Colorado School of Mines complies with all federal and state laws and regulations regarding discrimination, including the Americans with Disabilities Act of 1990. If you have a disability and need a reasonable accommodation for equal access to education or services at Colorado School of Mines, please contact the Disability Services Office at 1770 Elm St. – Room 205, by calling 303-384-2595, or emailing Kristen Wiegers at kwiegers@mines.edu. If you have a disability that could affect your performance in this class or that requires an accommodation under the Americans with Disabilities Act, please see me as soon as possible so that we can make appropriate arrangements.

- Disability Services Website: <http://disabilities.mines.edu/>

Policy on Academic Integrity/Misconduct

The Colorado School of Mines affirms the principle that all individuals associated with the Mines academic community have a responsibility for establishing, maintaining an fostering an understanding and appreciation for academic integrity. In broad terms, this implies protecting the environment of mutual trust within which scholarly exchange occurs, supporting the ability of the faculty to fairly and effectively evaluate every student's academic achievements, and giving credence to the university's educational mission, its scholarly objectives and the substance of the degrees it awards. The protection of academic integrity requires there to be clear and consistent standards, as well as confrontation and sanctions when individuals violate those standards. The Colorado School of Mines desires an environment free of any and all forms of academic misconduct and expects students to act with integrity at all times.

Academic misconduct is the intentional act of fraud, in which an individual seeks to claim credit for the work and efforts of another without authorization, or uses unauthorized materials or fabricated information in any academic exercise. Student Academic Misconduct arises when a student violates the principle of academic integrity. Such behavior erodes mutual trust, distorts the fair evaluation of academic achievements, violates the ethical code of behavior upon which education and scholarship rest, and undermines the credibility of the university. Because of the serious institutional and individual ramifications, student misconduct arising from violations of academic integrity is not tolerated at Mines. If a student is found to have engaged in such misconduct sanctions such as change of a grade, loss of institutional privileges, or academic suspension or dismissal may be imposed.

- The complete policy is [online](#).

Course Outline*

Topics	Chapter
Section 1: Elements of Investments	
Background and Issues	1
Asset Classes and Financial Instruments	2
Mutual Funds and Other Investment Companies	4
Section 2: Debt and Equity Securities	
Bond Pricing and Yields	10, 11
Equity Valuation	13
Section 3: Portfolio Theory	
Risk and Return	5
Efficient Diversification	6
Capital Asset Pricing and Arbitrage Pricing Theory	7
The Efficient Market Hypothesis	8
Section 4: Investing Strategy and Practices	
Securities Markets and Stock Trading	3
Personal Financial Planning	Handouts
Taxes, Inflation, and the Investment Process	21
Section 5: Derivative Markets	
Options Markets	15
Option Valuation	16
Futures Markets and Risk Management	17

* Course content subject to change. All changes will be announced in class and online. It is your responsibility to keep up with posted announcements.