



THE OHIO STATE UNIVERSITY

FISHER COLLEGE OF BUSINESS

BUSINESS FINANCE 7220.29422 - INVESTMENTS I

AUTUMN 2018

Instructor: Tod Schneider
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Classroom:
Gerlach Hall 365 Tuesday / Thursday 4:30-6:00 pm
Office hours:
Monday 1:00-3:00pm

COURSE OBJECTIVES & OVERVIEW

Investments I will explore topics affecting the asset management industry *today* including: the link between risk and return, CAPM and factor ("smart beta") models, expected return, portfolio attribution and active versus passive investing.

We will accomplish these objectives through:

- Lecture and class discussions that will draw heavily on current events shaping the asset management industry
- Case studies that provide you the opportunity to weigh in on current issues impacting the asset management industry
- A comprehensive final exam

CLASS MATERIALS

Required text options

Investments: Bodie, Kane Marcus 11e
ISBN: 978-1259277177

—or—

Investments: Bodie, Kane Marcus 10e
ISBN: 978-0077861674

Case studies

<https://hbsp.harvard.edu/import/555588> - cost \$17.00

Case study packet includes:

Exchange-Traded Funds at Vanguard (A) – 9311134

Research Affiliates – UV5668

GMO: The value vs. growth dilemma – UV 0090

Global Asset Allocation: Investing in a Time of Debt Deficits and Quantitative Easing – UV7109

[Wall Street Journal subscription](#)

GRADING

<u>Assignment</u>	<u>% of grade</u>
Group cases	60%
Final	20%
Class participation	10%
Peer review	5%
Guest lecture question	5%

Group case assignments (60%)

Case assignment questions will be graded on the basis of:

- 1) Answering the question directly and succinctly
- 2) Supporting your answer with evidence from the case or supplementary information provided
- 3) Embracing the ambiguity—or—open ended nature of the question and taking a distinct position

In essence, tell me in the first sentence (one sentence) what you think. Next, *support* your answer with facts from the case, case files or reputable information sources (WSJ, FT, Bloomberg, Reuters). Finally, recognize that the case questions are open-ended and ambiguous *by design*. As such, you must embrace the uncertainty and take a position. Each case questions should be answered in a paragraph or two. Do **not** write multiple page answers-or-argue from both sides.

Final (20%)

The final exam will be administered **October 9, 2018 4:30-6:00 PM in Gerlach 365**. The final exam will be comprehensive (covering reading assignments, lecture/discussion, articles & case material) and consist of 50 questions. Please bring a calculator. Do **NOT** bring your mobile phone.

Class participation (10%)

Class participation will be graded. The grade will be assigned based on the *quality* of the contribution **not** the quantity. To ensure that you receive the appropriate credit for your class contributions you must E-MAIL me in CARMEN a bullet point summary of your contribution(s) to the discussion. Qualitative judgements are by their very nature *subjective*.

Peer review (5%)

Peer review will be used to allow students to provide useful information about each teammate's contributions. This is done to mitigate the free-rider problem and reward those students that contribute more than expected. Each student will have a total of 100 points to award to the other members of his or her group. Points should be allocated proportionately based on each individual's contribution to the team during the course, as you perceived it. For example, if you think that teammate A contributed twice as much as teammate B, then teammate A should get

twice the allocated points as teammate B. Since each student awards 100 points to team members, the average expected score peer review is also 100 points.

The peer review forms will be completed at the end of the course. Students may be told the total number of points earned from their teammates, but they will not be told the points awarded by any teammate. Peer review is an important component of the course grade, please take this responsibility seriously – an honest evaluation is expected.

Guest lecture discussion question (5%)

E-mail me (schneider.275@osu.edu) a question to ask the lecture guest a question. The question's focus should be investment and/or career in investment related.

GRADING SCALE

Letter Grade	%	GPE %	Letter Grade	%	GPE %
A	= 93 - 100	4.0	C+	= 77-79.99	2.3
A -	= 90 - 92.99	3.7	C	= 73-76.99	2.0
B+	= 87 - 89.99	3.3	C-	= 70-72.99	1.7
B	= 83 - 86.99	3.0	D+	= 67-69.99	1.3
B-	= 80 - 82.99	2.7	D	= 63-66.99	1.0

Exemplary Performance; A-: Strong Performance; B+: Good Performance; B: Adequate Performance; B-: Adequate Performance, with Some Deficiencies; C+: Weak Performance, with Serious Deficiencies; C: Poor Performance, with Pervasive Deficiencies Performance below the "C" level will be addressed on a case-by-case basis.

EXPECTATIONS

- **Final Exam** – There will be no make-up final exam, unless there's an *emergency*. Plan your schedule accordingly. As aforementioned, bring a calculator and do not bring your smartphone.
- **Technology** - Technology (smartphone, tablet, laptop, etc.) may be used to assist in taking notes and/or to assist in case discussion. However, leisure activity (social, texting, gaming, video streaming/sharing or shopping) will not be tolerated. Focus is critical to success and to cultivate that you need to practice. For those interested check out: [*The Shallows: What the Internet is Doing to Our Brains by Nicholas Carr*](#)
- **Case study** – To provide an even playing field, I will not discuss case study discussion or graded case assignment questions PRIOR to the class in which we discuss the case. If I receive multiple similar *clarifying* questions about the graded case assignment questions, I will answer them in CARMEN. Be advised that I will not provide answers to the graded case questions
- **File Assignment Names** – Please include in the graded case file name: 1) the case name (Vanguard, ResearchAffiliates, Martingdale or GAA) and 2) your name as recorded in Ohio State's registrar 3) your program (MAcc, SMF, MBA). For example, the file name of my Vanguard case would be: Vanguard_TodSchneider_MAcc.docx



- **Name plates** – Please bring your name plate to ensure that I give proper credit to your contributions to the class
- **E-mail** – After class please e-mail me via the course canvas website your contributions for each class. To be clear, contributions do not guarantee participation points in that the QUALITY of the contribution will be given greater weight than QUANTITY of contributions
- **Seat assignment** - Choose your assigned seat by the second class. This will assist me in getting to know you by providing me consistent geospatial reference (memory palace)
- **Top Hat** – Please download the top hat app to your smartphone and/or be ready to log-in (<http://go.osu.edu/tophat>) to participate in-class polls and/or quizzes
- **Food & drink** – Please minimize the consumption of food or drinks (except water) during class.

FISHER HONOR CODE

As a member of the Fisher College of Business community, I am personally committed to the highest standards of ethical behavior. Becoming a leader comes with great responsibility and I am ever mindful of my actions and the impact they have on my community. I hold myself to the highest standards and will adhere to the following tenets:

Act with Honor – My actions will be guided by what is honorable and moral, and not just what leads to success. I pledge to act with honor and integrity in both my academic and professional career, as well as in my social life.

Respect for All – I understand that we live in a large and diverse community, and as a member, I acknowledge the richness of this community and pledge to be inclusive and respectful of one and all. I will be civil and courteous in my words and actions toward others.

Give Back – I recognize that I would not be successful without the help of so many others. Implicit in this belief is my responsibility to help others reach their own goals and ideals. As a leader in the community and business environment, I pledge to live by these principles and celebrate those who share these ideals.

Success is always shared.

DISENROLLMENT

University Rule 3335-8-3 provides that a student may be dis-enrolled after the third instructional day of the semester, the first Friday of the semester, or the student's second class session of the course, whichever occurs first, if the student fails to attend the scheduled course without giving prior notification to the instructor.



ACADEMIC MISCONDUCT

Academic misconduct will not be tolerated. According to University Rule 3335-1-31-02, all suspected cases of academic misconduct must be reported to the Committee on Academic Misconduct. Again, if I suspect that a student has committed academic misconduct in this course, I am obligated by University Rules to report my suspicions to the Committee on Academic Misconduct. If COAM determines that you have violated the University's *Code of Student Conduct* (i.e., committed academic misconduct), the sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the University.

Other sources of information on academic misconduct (integrity):

The Committee on Academic Misconduct web pages ([COAM Home](#))

Ten Suggestions for Preserving Academic Integrity ([Ten Suggestions](#))

DISABILITY SERVICES

The Office of Disability Services verifies students with specific disabilities and develops strategies to meet the needs of those students. Students requiring accommodations based on identified disabilities should contact the instructor at the beginning of the semester to discuss his/her particular needs. All students with a specific disability are encouraged to contact the office of Disability Services to explore the potential accommodations available to them.

CLASS SCHEDULE

Week 1 Introductions, Overview, Capital Asset Pricing Model

Week 2 Exchange Traded Funds, Vanguard case

Week 3 Multi-factor models

Week 4 Replicating anomalies, Research Affiliates case

Week 5 Portfolio Optimization, Active management

Week 6 Active management, GMO case

Week 7 Historical returns, Global Asset Allocation case

For detailed class schedule & assignments please refer to Carmen site.