



THE OHIO STATE UNIVERSITY

FISHER COLLEGE OF BUSINESS

**BUSFIN 4221: Investments**  
**Spring 2019**

**Course Description and Syllabus**

**Instructor:** Jay W. Wellman, Ph.D, CFA

**Lecture:** M/W 2:20-3:40, 365 Gerlach

**Office:** 850 Fisher Hall **Phone:** 614-292-4586

**Email:** wellman.67@osu.edu **Office Hours:** M/W after class until 5pm, or by appointment

**Course Description:**

This course is designed to teach the principles of financial decision making and the investment process. The course will cover current market moving events, multiple asset classes, asset allocation, diversification, key player types, efficient market hypothesis, CAPM, APT, active investment management, behavioral finance, and financial regulation.

**Text and Materials (Required):**

*Essentials of Investments*, 11<sup>th</sup> edition, by Bodie, Kane, and Marcus

**Suggested Reading:**

The Wall Street Journal - [www.wsj.com/studentoffer](http://www.wsj.com/studentoffer)  
Financial Times, Economist, and Bloomberg.com

**Class Format:**

This class meets twice per week. I will follow the flow of topics and concepts in the book selectively. The course will heavily rely on current market moving news and events. During lectures you will be exposed to Bloomberg, which is the most powerful investor tool in the world. Regular class attendance is expected since material will be covered that is not in the text book. Please feel free to ask questions during lecture. Lecture notes will be on Canvas at least 24 hours in advance of class. I will also use Canvas to distribute emails to the class and post supplemental information.

Solving end of chapter problems is essential for success in this class. For each chapter I will post a recommended list of problems. These problems are representative of what you might see on an exam or quiz, but it is not an exhaustive list.

**Grading:**

Bloomberg Market Concepts	10%
Portfolio Project	20%
Online problem sets (best 4 of 5; drop lowest)	20%
Mid-term Exam	25%
Final	25%

**No extra credit offered. Grades will be determined at the end of the term. Any curve, if there is one, is set at that time.**

Bloomberg Market Concepts (BMC) is a self-paced e-learning course that provides a visual introduction to the financial markets. BMC consists of 4 modules – Economics, Currencies, Fixed Income and Equities – woven together from Bloomberg data, news, analytics and television. The course is available on the Bloomberg Terminal at BMC<GO>.

Portfolio Management Project: The project will tie lecture theory with dynamic hands-on practice using Excel-based analysis. The full assignment will be posted on Canvas early in the semester.

Problem Sets: There will be 5 quizzes but only 4 will be used in your final grade. You may drop your lowest problem set score. The problem sets will be found under the Assignments tab in Canvas. Please note the due date and time for each quiz. You will only receive credit for answers that are submitted by the deadline. No quiz extensions or make-ups will be offered.

Midterm Exam and Final: Exams are closed book. Absences from exams will only be excused for the most serious of reasons and documented by an appropriately accredited professional (i.e., a medical doctor).

### **Students with Disabilities:**

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 me at the beginning of the semester to discuss his or her individual needs. All students with a specific disability are encouraged to contact the Office of Disability Services to explore the potential accommodations available to them.

### **Academic Integrity:**

First of all: **PLEASE NOTE THAT I AM ON THE COAM COMMITTEE.**

All students enrolled in this course are responsible for abiding by the guidelines outlined in the University's Code of Student Conduct. According to University Rule 3335-31-02, **all suspected cases of academic misconduct will be reported to the Committee on Academic Misconduct.** The sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the University.

Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. Thus, The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the University's Code of Student Conduct, and that all students will complete all academic and scholarly assignments with fairness and honesty. Students must recognize that failure to follow the rules and guidelines established in the University's Code of Student Conduct and this syllabus may constitute "Academic Misconduct." The Ohio State University's Code of Student Conduct (Section 3335-23-04) defines academic misconduct as: "Any activity that tends to compromise the academic integrity of the University, or subvert the educational process." Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, and possession of unauthorized materials during an examination. Ignorance of the University's Code of Student Conduct is never considered an "excuse" for academic misconduct, so I recommend that you review the Code of Student Conduct and, specifically, the sections dealing with academic misconduct

### **Disenrollment:**

Fisher College University Rule 3335-8-33 provides that a student may be disenrolled after the third instructional day of the quarter, the first Friday of the quarter, 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.

**NOTE:** The University and College expectation is that students spend two hours outside of class for every hour spent in class. Since this course meets 3 hours per week, you should expect to spend 6 hours per week outside of class on course-related work. Thus, you should be spending at least six hours per week outside of class on this course alone. That time should be spent reading the required material, taking notes on what you were reading, rewriting your class notes, meeting with class colleagues in going over what you have learned, working on homework problems, reading

current investment news to see how concepts learned tie into the course, and thinking about how the course concepts tie together.

**Great Investment Books (incomplete):**

- Security Analysis*, Graham & Dodd
- Fixed Income Analysis*, Frank Fabozzi
- The Intelligent Investor*, Benjamin Graham
- A Random Walk Down Wall Street*, Burton Malkiel
- Irrational Exuberance*, Robert Shiller
- Liars Poker (1989) and The Big Short (2010)*, Michael Lewis
- Capital Ideas (1991) and Against the Gods (1996)*, Peter Bernstein
- When Genius Failed*, Roger Lowenstein
- Too Big to Fail*, Andrew Ross Sorkin
- The Predators' Ball*, Connie Buck
- Fooled by Randomness (2001) and The Black Swan (2008)*, Nassim Nicholas Taleb

**Course Calendar:**

The following schedule is tentative and subject to change based on how the class progresses.

Date	Topic	Reading	Recommended Problems / Quizzes
1/7	Intro to Investments	Ch 1	Ch. 1: 1-6,11,13-22
1/9	Intro to Investments cont.	Ch 1	
1/14	Asset Classes & Financial Instruments	Ch 2	Ch. 2: 1-12,14,18-20,23-25,26-28
1/16	Asset Allocation, 2008 crash, recession, and regulation	Ch 2	
1/21	<b>NO CLASS: MARTIN LUTHER KING, JR. DAY</b>		
1/23	Securities Markets	Ch 3	Ch. 3: 1,3-4,5-7,10-12,15-16,22
1/28	Securities Market cont.		
1/30	ETFs & Mutual Funds	Ch 4	Ch.4: 1,5-6,13,16-18,22
2/4	Risk and Return	Ch 5	Ch. 5: 1,7-16 <b>PS#1 due 11:59pm (Ch. 2-3)</b>
2/6	Risk and Return cont.	Ch 5	
2/11	Efficient Diversification	Ch 6	Ch. 6: 1,3,8-14,21
2/13	Efficient Diversification cont.	Ch 6	<b>PS#2 due 11:59pm (Ch. 4-5)</b>
2/18	CAPM	Ch 7	Ch. 7: 3,5,11-19,22,24,27,30,32
2/20	APT	Ch 7	
2/25	The Efficient Markets Hypothesis	Ch 8	Ch. 8: 2-3,5-6,11-13,17-18

2/27	EMH continued, Market Anomalies, & The Adaptive Market Hypothesis	Ch 8	<b>PS#3 due 11:59pm (Ch. 6-7)</b>
3/4	<b>Review: Midterm Exam</b>		
3/6	<b>MIDTERM EXAM</b>	Ch 1-8	
3/11-15	<b>NO CLASS: SPRING BREAK</b>		
3/18	Fixed Income Characteristics	Ch 10	3-10,12,20-24,32,35-36,40
3/20	Fixed Income Securities	Ch 10	BMC Due
3/25	Fixed Income Interest Rate Sensitivity	Ch 11	2-3,5-10,14-15,22-23,26
3/27	Duration and Convexity	Ch 11	Portfolio Mgmt. Project due
4/1	Equity Valuation	Ch 13	1-2,4-5,7,10-13,18,20
4/3	Equity Valuation cont.	Ch 13	<b>PS#4 due 11:59pm (Ch. 10-11)</b>
4/8	Intro to Options	Ch 15	4,6-8,11,13-16,18,23,27-28
4/10	Option Strategies	Ch 15	
4/15	Option Valuation	Ch 16	1-2,5,8-9,16,20,25-27,33,35-36
4/17	Option Valuation cont.	Ch 16	<b>PS#5 due 11:59pm (Ch. 13-15)</b>
4/22	<b>Review: Final Exam</b>		

**Final Exam will follow the University final exam schedule and cover Chapters 10-11,13,15-16**