



THE OHIO STATE UNIVERSITY

FISHER COLLEGE OF BUSINESS

Honors Investments
Busfin 4221H Spring 2019
Course Description and Syllabus

Instructor: Matt Sheridan, CFA

Lecture: 11:10 a.m. – 12:30 p.m. in Gerlach 210

Office Hours: Monday 1-3 p.m. & Wednesday 3-4 p.m.

Office: 306 Fisher Hall **Email:** sheridan.146@osu.edu

Course Twitter Username/Handle: @Sheridanfinance

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, security valuation, key player types, efficient market hypothesis, adaptive market hypothesis, behavioral finance, pricing models, active investment management, investment funds, and financial regulation.

Prerequisites: Business Finance 3220, Statistical Techniques 2320, Business Analytics 2321

Text and Materials (Required):

Essentials of Investments, 10th edition, by Bodie, Kane, and Marcus

The Wall Street Journal – Student access for print and digital. Use the following link to subscribe: <http://r.wsj.net/hZsLm>

Additional Course Materials will be posted on Carmen

Suggested Reading:

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 Carmen at least 24 hours in advance of class. I will also use Carmen to distribute emails to the class and post supplemental information.

Course Schedule:

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

Week	Topics	Readings & Deliverables
1	Intro to Investments Investing Ethics Current State of the Global Financial Markets Breakdown of Wall Street: Sell Side VS. Buy Side Monetary Policy: The FED and ECB	Chapter 1 CFA Institute: Standards of Practice Handbook
2	Asset Classes Types of Financial Instruments	Chapter 2
3	Financial Bubbles	Listed on Carmen Q1 Due 1/27 at 10 p.m.
4	Securities Markets ETFs & Mutual Funds Active VS. Passive Management Investment Advice Legal Requirements: Suitability VS. Fiduciary Rise of Robo Advisers	Chapters 3 & 4
5	Risk and Return Asset Allocation & Portfolio Construction Investment Policy Statement	Chapters 5 & 6 Q2 Due 2/10 at 10 p.m.
6	Pricing Models CAPM, APT, & Multifactor Models	Chapter 7
7	Efficient Market Hypothesis Irrational Exuberance	Chapter 8 IPS Project Due 2/14 Q3 Due 2/17 at 10 p.m.
8	Adaptive Market Hypothesis Midterm 2/21	Listed on Carmen
9	Macroeconomics Top Down Macro Analysis	Chapter 12
10	Equity Valuation Models: DDM, DCF, RV, Sum of the Parts, Residual Value	Chapter 13 Q4 Due 3/10
11	Fixed Income Overview Corporate Bond Characteristics Bond Pricing & Yields Term Structure of Interest Rates	Chapter 10 Top Down Investing Project Due 3/21
12	Interest Rate Risk Convexity Portfolio Management Trading Strategies	Chapter 11
10	Structured Products (MBS, ABS, CMBS) Interest Rate Swaps Credit Default Swaps	Structured Products Primer Q5 Due 3/24
11	Option Basics Option Strategies Breakeven and in/out of the money Option Pricing	Chapter 15
12	Futures & Forwards Contango & Backwardation Roll Yields	Chapter 17
13	International Investing Emerging Markets Frontier Markets	Chapter 19 Stock Trading/PM Project Due 4/11 Q6 Due 4/14
14	Institutional Money Management Evaluation of Personal Behavioral Investing Biases	Listed on Carmen
Final Exam determined by University Schedule (found on OSU's website)		

Grading:

Quizzes	10%
Investor Policy Statement Project	10%
Top Down Investing Project	10%
Stock Trading – Paper Portfolio Project	20%
Mid-term Exam	25%
Final	25%

Class Participation: Regular in-class contribution is required and is an important part of our shared pedagogical experience. Your active participation in discussing current financial market events, course topics, and case studies helps me to evaluate your overall performance as a student. Positive contributions are those that advance the discussion by presenting new ideas, building on other student's comments, or providing forward looking views on financial markets that is supported by market data.

End of Chapter Problems: 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.

Quizzes: There will be 6 quizzes but only 5 will be used in your final grade. You may drop your lowest quiz score. The quizzes can be found under the Quizzes tab in Carmen. Please note the due date and time for each quiz. You will have two hours to complete each quiz. You will only receive credit for answers that are submitted by the deadline. No quiz extensions or make-ups will be offered.

Project Overviews: In-depth project instructions will be posted on Carmen.

Investor Policy Statement Project: For an individual investor, a well-constructed Investment Policy Statement provides a foundation to achieve long-term financial goals. An IPS is a framework that guides all investment decisions based on the investor's investment objectives, risk tolerance, constraints, and unique circumstances. Investing based on an IPS supports preserving the long-term nature of the investment process, especially during volatile or irrational times in the market. In addition, an IPS provides a systematic review process of investment performance in relation to investment objectives.

Top-Down Investing Project: Based on current financial market conditions, you will conduct a top down analysis starting with the global macroeconomic view and ending with an investment recommendation. This project will require analysis of recent market data from a Bloomberg Terminal.

Stock Trading/ Portfolio Management Project: The semester long project will utilize the Think or Swim platform on TD Ameritrade U. The project will tie lecture theory with dynamic hands on practice. In addition to the TD Ameritrade website, you will have access to some of the most powerful investor tools in the world (Bloomberg, Capital IQ, Thomson One, and Morningstar).

Midterm and Final Exam: 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).

Optional Trading Simulation: You will have the ability to test any investment strategy on the Think or Swim platform via TD Ameritrade U. Information on creating an account will be posted on Carmen early in the semester.

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:

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.

Appendix A: Sheridan's Recommended Readings

Sheridan's Hall of Fame of Investment Books

Security Analysis, Graham & Dodd
Fixed Income Analysis, Frank Fabozzi
The Intelligent Investor, Benjamin Graham
The Most Important Thing, Howard Marks
Margin of Safety, Seth Klarman
Irrational Exuberance, Robert Shiller
Liars Poker, Michael Lewis
Against the Gods, Peter Bernstein
Alpha Masters, Maneet Ahuja
The Alchemists, Neil Irwin
When Genius Failed, Roger Lowenstein
The New Market Wizards, Jack D. Schwager
Too Big to Fail, Andrew Ross Sorkin
The Big Short, Michael Lewis
The Predators' Ball, Connie Buck
A Random Walk Down Wall Street, Burton Malkiel
Fooled by Randomness, Nassim Nicholas Taleb
Stocks for the Long Run, Jeremy Siegel
Thinking, Fast and Slow, Daniel Kahneman

Books by Topic

General Investing/Economic/Academic

The Intelligent Investor, Benjamin Graham
The Most Important Thing, Howard Marks
Margin of Safety, Seth Klarman
Irrational Exuberance, Robert Shiller
Stocks for the Long Run, Jeremy Siegel
A Random Walk Down Wall Street, Burton Malkiel
Fooled by Randomness, Nassim Nicholas Taleb
The Black Swan, Nassim Nicholas Taleb
Thinking, Fast and Slow, Daniel Kahneman
The Little Book of Common Sense Investing, John Bogle
One Up on Wall Street, Peter Lynch
Beating the Street, Peter Lynch
The Index Revolution, Charlie Ellis
Buffett, Roger Lowenstein
Poor Charlie's Almanac, Charles Munger
Adaptive Markets, Andrew Lo
Misbehaving, Richard Thaler
The Alchemists, Neil Irwin
Common Stocks and Uncommon Profits, Philip Fisher
Think Twice, Michael Mauboussin
Mastering the Market Cycle, Howard Marks

Wall Street Culture & History

Liars Poker, Michael Lewis
Too Big to Fail, Andrew Ross Sorkin
After the Music Stopped, Alan Blinder
The Big Short, Michael Lewis
The Predators' Ball, Connie Buck
Young Money, Kevin Roose
Other People's Money, John Kay
A History of the United States in Five Crashes, Scott Nations
America's Bank, Roger Lowenstein
Flash Boys, Michael Lewis
Barbarians at the Gate, Brian Burrough & John Helyar
Billion Dollar Whale, Tom Wright & Bradley Hope

Hedge Funds

When Genius Failed, Roger Lowenstein
A Man for all Markets, Edward Thorp
More Money than God, Sebastian Mallaby
Alpha Masters, Maneet Ahuja
Black Edge, Sheelah Kolhatkar
The New Market Wizards, Jack D. Schwager
No Bull, Michael Steinhardt
When the Wolves Bite, Scott Wapner
A Tiger in the Land of Bulls and Bears, Julian Robertson
Principles, Ray Dalio
Hedge Fund Market Wizards, Jack Schwager
Fooling Some of the People All of the Time, David Einhorn
The Alchemy of Finance, George Soros
The Quants, Scott Patterson

Investing Foundations and Valuation

Security Analysis, Graham & Dodd
Fixed Income Analysis, Frank Fabozzi
Narrative and Numbers, Aswath Damodaran
The Little Book of Valuation, Aswath Damodaran

Non-Investing Books (that cover various investing themes)

Factfulness, Hans Rosling
Are You Ready to Succeed?, Srikumar Rao (read this helpful book if you want examine and evaluate the mental models you have created to interpret the world)
The Art of Learning, Josh Waitzkin
Thinking in Bets, Annie Duke
The Curse of Cash, Kenneth Rogoff
The Outsiders, William Thorndike, Jr.
Sapiens: A Brief History of Humankind, Yuval Noah Harari
Rise of the Robots, Martin Ford
The Signal and the Noise, Nate Silver

Appendix B: Suggested Investing Related Podcasts

Masters in Business with Barry Ritholtz

Bethany McLean	12/13/2018	Aswath Damodaran	10/28/2016
Ray Dalio	11/30/2018	William McNabb	10/21/2016
Howard Marks	10/4/2018	Michael Mauboussin	8/12/2016
Leon Cooperman	8/10/2018	Daniel Kahneman	8/4/2016
Robert Arnott	7/26/2018	Jack Schwager	6/22/2016
Ed Yardeni	5/23/2018	Jack Bogel	3/11/2016
James Chanos	5/11/2018	Mohamed El-Erian	2/13/2016
Joel Greenblatt	4/20/2018	Roger Lowenstein	12/5/2015
Ray Dalio	12/7/2017	Ken Fisher	11/30/2015
Katie Stockton	9/8/2017	Mario Gabelli	10/30/2015
Richard Clarida	8/3/2017	Jeremy Siegel	10/18/2015
Ed Thorp	7/14/2017	Jason Zweig	9/11/2015
William Sharpe	6/2/2017	Nate Silver	8/21/2015
Andrew Lo	4/21/2017	Howard Marks	7/19/2015
Charles Ellis	4/13/2017	Richard Thaler	6/14/2015
Burt Malkiel	3/31/2017	Scott Galloway	6/5/2015
Michael Lewis	12/9/2016	David Booth	5/22/2015
Bill Miller	11/4/2016	Cliff Asness	2/21/2015

The Knowledge Project – Shane Parrish

Winning the Great Game (Part 1 & 2): Adam Robinson
Getting Better by Being Wrong: Annie Duke
Life Lessons from a Self-Made Billionaire: Ray Dalio
A Decision Making Jedi & When to Trust Your Gut: Michael Mauboussin
Elevate Your Financial IQ: Jason Zweig

The Tim Ferriss Show

Howard Marks
Ray Dalio
Hedge Funds, Investing, and Optimizing Lifestyle: Mark Hart & Raoul Pal
Becoming the Best Version of You: Josh Waitzkin, Adam Robinson, & Ramit Sethi

Other Investment Related Podcast Suggestions

NPR Planet Money
NPR The Indicator from Planet Money
The Meb Faber show
The Curious Investor by AQR Capital Management, LLC
Animal Spirits – Michael Batnick and Ben Carlson
Invest Like the Best – Patrick O'Shaughnessy