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](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 textbook. 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.

<table>
<thead>
<tr>
<th>Week</th>
<th>Topics</th>
<th>Readings &amp; Deliverables</th>
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| 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 |
| 13   | Structured Products (MBS, ABS, CMBS)  
Interest Rate Swaps  
Credit Default Swaps | Structured Products Primer  
Q5 Due 3/24 |
| 14   | Option Basics  
Option Strategies  
Breakeven and in/out of the money  
Option Pricing | Chapter 15 |
| 15   | Futures & Forwards  
Contango & Backwardation  
Roll Yields | Chapter 17 |
| 16   | International Investing  
Emerging Markets  
Frontier Markets | Chapter 19  
Stock Trading/PM Project Due 4/11  
Q6 Due 4/14 |
| 17   | Institutional Money Management  
Evaluation of Personal Behavioral Investing Biases | Listed on Carmen |

Final Exam determined by University Schedule (found on OSU's website)
Grading:

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<tbody>
<tr>
<td>Quizzes</td>
<td>10%</td>
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<tr>
<td>Investor Policy Statement Project</td>
<td>10%</td>
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<tr>
<td>Top Down Investing Project</td>
<td>10%</td>
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<tr>
<td>Stock Trading – Paper Portfolio Project</td>
<td>20%</td>
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<tr>
<td>Mid-term Exam</td>
<td>25%</td>
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<tr>
<td>Final</td>
<td>25%</td>
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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

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<tr>
<th>Masters in Business with Barry Ritholtz</th>
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<tr>
<td>Leon Cooperman</td>
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<td>Joel Greenblatt</td>
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<tr>
<td>Ray Dalio</td>
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<td>Katie Stockton</td>
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<td>Richard Clarida</td>
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<td>Ed Thorp</td>
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<td>Andrew Lo</td>
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<td>Charles Ellis</td>
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<td>Burt Malkiel</td>
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<td>Michael Lewis</td>
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<td>Bill Miller</td>
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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