

Finance
Course Number: 33:390:410
Course Title: Asset Pricing and Portfolio Analysis

COURSE DESCRIPTION

The goal of this course is to equip students with the basic quantitative tools for making financial decisions related to investments. Students taking this course can expect to learn about the basic investment process, asset allocation, security valuation and selection, and portfolio evaluation and management.

Lectures, class problems, exercises, assignments, class and quizzes will be used to present (and reinforce) the theoretical and practical skills required to solve real-world problems related to the investment process. From time to-time, and as-appropriate, we will also discuss recent and current events in financial markets.

COURSE MATERIALS

Textbook: *The assigned textbook for the course is Investments, 11th Edition, by Zvi Bodie, Alex Kane, and Alan J. Marcus. Published by McGraw-Hill Education. The Loose-leaf with Connect Access Card , ISBN: 9781260201550.*

Connect Access Card with eBook, ISBN: 9781259352669.

McGraw Hill Connect: You will need to register access to McGraw Hill Connect to attempt and submit assignments (details below). You can register for Connect by visiting this link:

Financial Calculator: You will need a financial calculator for this course. The Texas Instrument BA II Plus Professional is a good and relatively inexpensive choice. It is approved for the CFA exam. If you choose another calculator, please make sure that it is capable of performing internal rate of return (IRR) calculations.

I expect you to be comfortable in the use of financial calculators for this class. If you are not comfortable with the use of financial calculators please visit www.atomiclearning.com/ti_ba2, or study the manual accompanying your financial calculator. You should also visit <http://www.tvmcalcs.com/>. The website has useful tips and examples on how to make use of standard keys on financial calculators.

Please bring your financial calculator with you to ALL classes and exams. Although you can use smartphone apps during regular class sessions, you will NOT be allowed to use smartphone apps during exams.

Lecture Slides: I will post my Power Point Lecture slides (and other relevant course material) on Canvas typically the day of class. The lecture slides will complement the chapters in the textbook and will by and large adhere to the “Weekly Schedule” provided at the end of this syllabus. I strongly recommend that you come to the class prepared, i.e. read the relevant chapters from the textbook and do all assigned homework. I will ask questions in class.

Class Notes: I strongly encourage you to take notes during class. I make very frequent use of the board to explain concepts and examples given in the textbook or in the lecture slides. These detailed explanations can be instrumental in helping you understand the material. It is your responsibility to take down the relevant notes during class.

Subscription to Financial Media: You are strongly encouraged to subscribe to a periodical that carries news about global events in the financial world. The Wall Street Journal and the Financial Times, more global in outlook, can be accessed through the library. You should make a habit of reading these on a regular basis. There is a lot of good material to be obtained by following financial journalists on Twitter. Finally, listening to Bloomberg News regularly will help you hear the language of finance used in context and stay updated on all of the latest financial news and information.

COURSEWORK AND EVALUATION

Grades will be based on the following weighing scheme:

Quizzes/Exams (Closed Book/Notes)	75%
Connect Assignments (4 x 5%)	20%
Class Participation	5%

Class participation and exercises: 5 percent of the course grade is determined by your performance in class participation and in class exercises. Active class participation means you have completed all (or most) of the assigned reading materials, participate in classroom discussions by either raising or answering pertinent questions, and complete all in-class exercises. In each class, after presenting key concepts and working through several examples, I will pose several questions on the material just covered. I’m expecting you to volunteer answers and ask any questions you have.

Assignments: 20 percent of the course grade is determined by your performance on homework assignments on McGraw-Hill Connect. Assignments are to be completed individually before the respective deadline for each assignment. No late submissions are accepted, and I will not grant

extensions for any assignment except in the most extreme of cases. In all cases, I will require written documented proof for an excuse (such as illness, a nonmedical emergency, etc.) to grant an extension for an assignment. Late and missing assignments will be automatically assigned a score of zero

Quizzes: 75 percent of the course grade will be determined by your performance on the quizzes that will be held in class. The schedule for these quizzes has been provided to you on the class schedule. There will be 3 in class quizzes. Each quiz is “non-cumulative”. That is, material covered for one quiz will not be fair game for subsequent quizzes. You will complete each quiz in class in the assigned time. The tight schedule for our class does not allow for make-up quizzes during class. If you must miss a quiz for a valid reason, make-up quizzes will be provided on a very limited basis and will involve a different quiz than the one given in class.

Quizzes (exams) may be composed of multiple choice, short answer and/or essay questions/numerical problems. Questions may not be limited to the textbook chapters; specifically, anything discussed in class will be fair game for exam questions (including homework reading in addition to the textbook).

Exam Dates and Venues:

Exam

Quiz #1

Quiz #2

Quiz #3

Make-up Exams: There will be NO make-up exams unless you miss the exam due to religious observance, a Rutgers-approved activity, illness, or family emergency/death. Even in such instances, you must email me to inform me of your absence NO LATER than 24 hours of missing the exam and provide documentation and/or other evidence to substantiate the legitimacy of your absence. If you fail to inform me during this time, you will receive a zero score for the missed exam. No exceptions!

Assignments

Each one of you will be graded on five assignments. These assignments will contain questions pertinent to the material discussed in class. These assignments will be available to you on McGraw Hill Connect. You can attempt the assignments as many times as you like before submitting them. You will receive a reminder notification about each assignment’s due date one week in advance via Canvas.

Assignment Dates:

<u>ASSIGNMENT</u>	<u>DUE DATE</u>	<u>WHERE TO SUBMIT</u>
Assignment 1	()	McGraw Hill Connect
Assignment 2	()	McGraw Hill Connect
Assignment 3	()	McGraw Hill Connect

OTHER IMPORTANT GRADING POLICIES

No Extra Credit: There will be no opportunities for extra credit for any student. Your final grade in the term will be strictly determined based on your performance on the exams and assignments and participation in class.

Grade Disputes: All grade disputes must be brought to my attention within one week of receiving the grade in question - no considerations for grade change will be made after the one-week period. To notify me, submit your written argument to me (via my email address: ()) within one week of receiving your grade. Clarify the precise error I made and provide all due supporting documentation. If I have made an error, I will gladly correct it.

ACADEMIC INTEGRITY

I do NOT tolerate cheating. Students are responsible for understanding the RU Academic Integrity Policy (<http://academicintegrity.rutgers.edu/>)

I will strongly enforce this Policy and pursue *all* violations. On all examinations and assignments, students must sign the RU Honor Pledge, which states, “On my honor, I have neither received nor given any unauthorized assistance on this examination or assignment.” I will screen all written assignments through *SafeAssign* or *Turnitin*, plagiarism detection services that compare the work against a large database of past work. Don’t let cheating destroy your hard-earned opportunity to learn. See business.rutgers.edu/ai for more details.

TECHNOLOGY DURING CLASS

This is essentially a “tools’ course that equips you with the techniques helpful to analyze investment decisions. Some of these tools are easier to implement and demonstrate in Excel or another spreadsheet software. I will let you know when we are planning on working on such problems and when it may be appropriate to bring and use laptops in class. At all other times, use of laptops, iPhones, iPads and other electronic devices are not allowed at any point in time. This policy will be strictly enforced. I do not allow use of these devices to take notes as they are more often a source of distraction, not only for the student using them, but also for others sitting around them. Emailing and surfing of the net is also not allowed during class.

COURSE SCHEDULE

Asset Pricing and Portfolio Analysis

WEEK #	DATE	TOPIC	WORK REQUIRED
1	()	Review Syllabus The Investment Environment Asset Classes and Financial Instruments	- BKM, Chapter 1 & 2.1 - Entire "Syllabus" on Canvas - Handbook for financial calculator
2	()	Asset Classes and Financial Instruments (cont) Securities Markets	- BKM, Chapters 2.2 & 3.2
3	()	How Securities Are Traded Mutual Funds and Other Investment Companies Risk, Return and the Historical Record	- BKM, Chapters 3.3, 4 & 5.2 - Assignment #1 Due
4	()	Risk, Return and the Historical Record Capital Allocation to Risky Assets	- BKM, Chapters 5.3+ & 6
5	()	Optimal Risky Portfolios	- Assignment #2 Due - BKM, Chapter 7
6	()	Quiz #1	Quiz Chapters 1-7
7	()	Index Models The Capital Asset Pricing Model	- BKM Chapters 8 & 9.
8	()	Equilibrium in Capital Markets Efficient Market Hypothesis (EMH)	- BKM, Chapters 10 & 11
9	()	EMH cont. and Empirical Evidence on Security Returns, Smart Beta	-- BKM, Chapters 11 & 13 - Assignment #3 Due
10	()	Quiz #2, Part II -guest speaker (Merav Ozair)	Quiz Chapters 8-13 (not 12)
11	()	Bond Pricing & Yields, The Term Structure of IR	- BKM, Chapter 14 & 15
12	()	Security Analysis, Macro and Industry Analysis Equity Valuation Models	- BKM, Chapters 17 & 18
13	()	NO CLASS Options Markets, Futures Markets	- BKM, Chapters 20 & 22 - Assignment #4 Due
14	()	Portfolio Performance Evaluation	BKM, Chapters 24
15	()	No Class but reading this material is required Theory of Active Portfolio Management	- BKM, Chapter 27
16	()	Quiz #3	Quiz Chapters since Quiz #2

SUPPORT SERVICES

If you need accommodation for a *disability*, obtain a Letter of Accommodation from the Office of Disability Services. The Office of Disability Services at Rutgers, The State University of New Jersey, provides student-centered and student-inclusive programming in compliance with the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Amendments of 2008, Section 504 of the Rehabilitation Act of 1973, Section 508 of the Rehabilitation Act of 1998, and the New Jersey Law Against Discrimination. More information can be found at ods.rutgers.edu.

[Rutgers University-New Brunswick ODS phone (848)445-6800 or email dsoffice@echo.rutgers.edu]

[Rutgers University-Newark ODS phone (973)353-5375 or email ods@newark.rutgers.edu]

If you are *pregnant*, the Office of Title IX and ADA Compliance is available to assist with any concerns or potential accommodations related to pregnancy.

[Rutgers University-New Brunswick Title IX Coordinator phone (848)932-8200 or email jackie.moran@rutgers.edu]

[Rutgers University-Newark Office of Title IX and ADA Compliance phone (973)353-1906 or email TitleIX@newark.rutgers.edu]

If you seek *religious accommodations*, the Office of the Dean of Students is available to verify absences for religious observance, as needed.

[Rutgers University-New Brunswick Dean of Students phone (848)932-2300 or email deanofstudents@echo.rutgers.edu]

[Rutgers University-Newark Dean of Students phone (973)353-5063 or email DeanofStudents@newark.rutgers.edu]

If you have experienced any form of *gender or sex-based discrimination or harassment*, including sexual assault, sexual harassment, relationship violence, or stalking, the Office for Violence Prevention and Victim Assistance provides help and support. More information can be found at <http://vpva.rutgers.edu/>.

[Rutgers University-New Brunswick incident report link: <http://studentconduct.rutgers.edu/concern/>. You may contact the Office for Violence Prevention and Victim Assistance at (848)932-1181]

[Rutgers University-Newark incident report link: https://cm.maxient.com/reportingform.php?RutgersUniv&layout_id=7 . You may also contact the Office of Title IX and ADA Compliance at (973)353-1906 or email at TitleIX@newark.rutgers.edu. If you wish to speak with a staff member who is confidential and does **not** have a reporting responsibility, you may contact the Office for Violence Prevention and Victim Assistance at (973)353-1918 or email run.vpva@rutgers.edu]

If students who have experienced a temporary condition or injury that is adversely affecting their ability to fully participate, you should submit a request via <https://temporaryconditions.rutgers.edu>.

If you are a military *veteran* or are on active military duty, you can obtain support through the Office of Veteran and Military Programs and Services. <http://veterans.rutgers.edu/>

If you are in need of *mental health* services, please use our readily available services.

[Rutgers University-Newark Counseling Center: <http://counseling.newark.rutgers.edu/>]

[Rutgers Counseling and Psychological Services–New Brunswick: <http://rhscaps.rutgers.edu/>]

If you are in need of *physical health* services, please use our readily available services.

[Rutgers Health Services – Newark: <http://health.newark.rutgers.edu/>]

[Rutgers Health Services – New Brunswick: <http://health.rutgers.edu/>]

If you are in need of *legal* services, please use our readily available services: <http://rusls.rutgers.edu/>

Students experiencing difficulty in courses due to *English as a second language (ESL)* should contact the Program in American Language Studies for supports.

[Rutgers–Newark: PALS@newark.rutgers.edu]

[Rutgers–New Brunswick: eslpals@english.rutgers.edu]

If you are in need of additional *academic assistance*, please use our readily available services.

[Rutgers University-Newark Learning Center: <http://www.ncas.rutgers.edu/rlc>

[Rutgers University-Newark Writing Center: <http://www.ncas.rutgers.edu/writingcenter>]

[Rutgers University-New Brunswick Learning Center: <https://rlc.rutgers.edu/>]

[Optional items that many faculty include:

- Students must sign, date, and return a statement declaring that they understand the RU Academic Integrity Policy.

- Students must sign, date, and return a statement declaring that they understand this syllabus.]