



Syllabus

FIN 367 Investment Management Spring 2021

(subject to changes, always use the latest syllabus version on Canvas)

Prof. Andres Donangelo, Ph.D., CFA

Contact Information

instructor: Prof. Donangelo
e-mail: andres.donangelo@mcombs.utexas.edu
personal webpage: <http://faculty.mcombs.utexas.edu/donangelo/>
office hours: See course calendar on Canvas

Teaching Assistants

name: Lydia Fu (Head TA)
e-mail: lydia.fu@mcombs.utexas.edu
office hours: See course calendar on Canvas

name: Thomas Brown
e-mail: thomas.brown@utexas.edu
office hours: See course calendar on Canvas

1 Course Overview

1.1 Objective

The course will focus on the application of financial theory to the issues and problems of investment management. Topics will include portfolio optimization and asset allocation, the basics of bond and derivative pricing, the theory of asset pricing models and their implications for investments, as well as evaluating investment management performance.

The main objective of this course is to provide students with a framework for making financial decisions related to Investments. These decisions are relevant for institutional investors (pension, mutual, and hedge funds), individual investors, corporate treasurers, and anyone who seeks to use or understand domestic or international investing.

1.2 Format

The course is 100% online. Lectures will be conducted through Zoom.

1.3 Prerequisites

Finance 367 is a Restricted Course for students who are currently enrolled in a major program in the College of Business and Administration. Note that several prerequisites apply for this course and are published in the Course Schedule. Prior completion of Finance 357 or Finance 357 H, Statistics 371G or Statistics 371 H are among these requirements. In addition, proficiency in mathematics and spreadsheet packages is assumed. Students who are uncertain as to whether they satisfy these requirements should notify the instructor.

1.4 Course Materials

- **Lecture Notes:** I will post lecture before class notes without solutions to exercises on Canvas. I will post the lecture notes with solutions to the exercises the day after lecture. Some of the material covered in the exams might be based on class discussions and not be in the handouts.
- **Textbook:** Bodie, Kane & Marcus, Investments, McGraw-Hill, any edition from the 9th onward. We will not use connect, so there is no need to pay for connect access.

1.5 Grading

You can collect up to 100 points in this course as follows:

1. Three Exams (25 points each).
2. Homework (10 points).
3. Participation (15 points).

1.5.1 Exams

- The three exams given during the semester will carry equal weight toward your final grade. Exams will be noncumulative. The tests will include both qualitative and quantitative material. The qualitative questions are usually short answer or multiple choices. The exams will cover topics from the lecture notes, assigned readings from the textbook, class discussions, and assignments. Needless to say: the best way to prepare for the exams is to keep up with the course material throughout the semester.
- No makeup examinations will be given without prior consent. Such consent will only be given for demonstrable conflicts and with the proper documentation.
- Your lowest score among the first two exams will be dropped from your final exam grade computation only if this raises your final total score. Your total exam score (up to the 75 points) will be calculated as the maximum of:

Option 1: $E1 + E2 + E3$ (i.e., total score if no exam score is dropped)

Option 2: $\frac{75}{50}(E2 + E3)$ (i.e., total score if first exam score is dropped)

Option 3: $\frac{75}{50}(E1 + E3)$ (i.e., total score if second exam score is dropped)

where $E1$, $E2$, and $E3$ represent your scores in the first, second, and third exam scores (up to 25 points each), respectively. Note that the third exam cannot be dropped.

1.5.2 Homework

- You will be given a total of nine assignments, three for each part of the course. The lowest assignment score will be dropped from the homework grade.

- Homework will be posted one week before the deadline.
- Late homework will not be accepted. No exceptions!

1.5.3 Participation

The participation grade is meant to improve the quality of our interactions and learning atmosphere. The participation has two components

- 10 points: Attending all lectures and keeping your video on at all times. If you have a very good reason not to keep your video on during lectures, please contact me by e-mail. I highly encourage questions during class, but asking or not asking questions will not affect your grade. TAs will keep track of attendance and video compliance. Each absence will carry a 1 point penalty (signing in 5m or more late or signing out before the end of the class counts as an absence). Keeping your video off will have a 1/2 point penalty.
- 5 points: Being respectful and having a professional attitude towards your classmates, TAs, and instructor, as well as fully abiding by [UT's Honor Code](#) is all that is required for the 5 points.

1.6 Course Policy

Fairness to Students: I strive to treat students with dignity and fairness. This does not mean that I will always agree with your ideas. If you feel that I have been unfair in any way, please let us know. I know that sometimes it takes courage to do so.

Teaching Notes: Lecture notes will be posted on Canvas after class, but homework solutions will NOT be posted, emailed, or distributed in any other electronic form.

Grading: Exams will not be returned and can be reviewed only during TA's Zoom office hours during the two weeks after the exam grades are posted. You should submit a written statement explaining the problem within one week of receiving your grade and I will be happy to re-grade any exam or assignment. The entire exam or case will be re-graded and the score may increase, remain the same, or decrease.

Academic Honesty: I take academic honesty very seriously. I expect you to adhere to The McCombs Code of Ethics and to comply with collaboration restrictions noted in the syllabus and on assignments throughout the semester.

2 Important Notifications

2.1 Students with disabilities

Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Services for Students with Disabilities (SSD) is housed in the Office of the Dean of Students, located on the fourth floor of the Student Services Building. Information on how to register, downloadable forms, including guidelines for documentation, accommodation request letters, and releases of information are available online at deanofstudents.utexas.edu/ssd/index.php. Please do not hesitate to contact SSD at (512) 471-6259, VP: (512) 232-2937 or via e-mail if you have any questions.

2.2 Religious holidays

By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious day. If you must miss an examination or a group presentation in order to observe a religious holiday, you will be given the opportunity to complete the missed work within a reasonable time after absence.

2.3 Policy on Scholastic Dishonesty

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program's Statement on Scholastic Dishonesty at www.mcombs.utexas.edu/BBA/Code-of-Ethics.aspx. By teaching this course, I have agreed to observe all faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all student responsibilities described in that document. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the

possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at deanofstudents.utexas.edu/sjs/ to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

2.4 Privacy in Canvas

Information in Canvas is protected by your UTEID login. Please be aware that I will use a merged Canvas site for all sections of the course that I am teaching this semester. This will allow students in other sections to see that you are enrolled in the course and send you email from within Canvas. However, they will not actually learn your email address and no other personal data will be revealed through Canvas. If you have any concerns, please contact the ITS Help Desk at 475-9400 for help removing your name from view of other students.

2.5 Sharing of Course Materials is Prohibited

No materials used in this class, including, but not limited to, lecture hand-outs, videos, assessments (quizzes, exams, papers, projects, homework assignments), in-class materials, review sheets, and additional problem sets, may be shared online or with anyone outside of the class unless you have my explicit, written permission. Unauthorized sharing of materials promotes cheating. It is a violation of the University's Student Honor Code and an act of academic dishonesty. I am well aware of the sites used for sharing materials, and any materials found online that are associated with you, or any suspected unauthorized sharing of materials, will be reported to Student Conduct and Academic Integrity in the Office of the Dean of Students. These reports can result in sanctions, including failure in the course.

Class Recordings: Class recordings are reserved only for students in this class for educational purposes and are protected under FERPA. The recordings should not be shared outside the class in any form. Violation of this restriction by a student could lead to Student Misconduct proceedings.

Tentative Schedule for FIN 367, Spring 2021, PART 1/3
(subject to changes, always check the latest syllabus on Canvas for the most updated
schedule)

Date (M/W sections)	Date (Tu/Th sections)	Lec. Note #	Topic/Event	Textbook Readings
Wed, Jan 20	Thu, Jan 21	1	Course Overview	
Mon, Jan 25	Tue, Jan 26	2	The Investment Environment	1.1-1.6, 2
Wed, Jan 27	Thu, Jan 28	3	Valuing Investment	5.1, 5.2
Mon, Feb 1	Tue, Feb 2	4	Risk and Return	5.4-5.6, 5.8
Wed, Feb 3	Thu, Feb 4	5	Portfolio Choice: I	6.1-6.5, Appendix A
Mon, Feb 8	Tue, Feb 9	6	Portfolio Choice: II	7.1-7.3
Wed, Feb 10	Thu, Feb 11	7	Portfolio Choice: III	7.4
Mon, Feb 15	Tue, Feb 16	8	CAPM: Theory	9.1, 9.2, 8.1, 8.2, 10.1
Wed, Feb 17	Thu, Feb 18	9	CAPM: Empirical	12.3, 13.1, 13.2
Mon, Feb 22	Tue, Feb 23		<i>Review for Exam</i>	
Thu, Feb 25	Thu, Feb 25		<i>Exam 1</i>	
(no lecture on Wed 24/Thu 25)				

Tentative Schedule for FIN 367, Spring 2021, PART 2/3
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schedule)

Date (M/W sections)	Date (Tu/Th sections)	Lec. Note #	Topic/Event	Textbook Readings
Mon, Mar 1	Tue, Mar 2	10	The Efficient Market Hypothesis	11
Wed, Mar 3	Thu, Mar 4	11	Trading Activity	2.4, 3, 4.3
Mon, Mar 8	Tue, Mar 9	12	Equity Valuation: I	18.1-18.3
Wed, Mar 10	Thu, Mar 11	13	Equity Valuation: II	18.4
Mon, Mar 15	Tue, Mar 16		Spring Break	
Wed, Mar 17	Thu, Mar 18		Spring Break	
Mon, Mar 22	Tue, Mar 23	14	Bonds: I	2.2, 14.4
Wed, Mar 24	Thu, Mar 25	15	Bonds: II	15.1-15.3
Mon, Mar 29	Tue, Mar 30	16	Term Structure of Interest Rates	15.1-15.4, 16.1, 16.2
Wed, Mar 31	Thu, Apr 1		<i>Review for Exam</i>	
Tue, Apr 6	Tue, Apr 6		<i>Exam 2</i>	
(no lecture on Mon 5/Tue 6)				

Tentative Schedule for FIN 367, Spring 2021, PART 3/3
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Date (M/W sections)	Date (Tu/Th sections)	Lec. Note #	Topic/Event	Textbook Readings
Wed, Apr 7	Thu, Apr 8	17	Futures I	22.1-22.4
Mon, Apr 12	Tue, Apr 13	18	Futures II	23.2, 23.4
Wed, Apr 14	Thu, Apr 15	19	Options I	20.1, 20.2, 20.4
Mon, Apr 19	Tue, Apr 20	20	Options II	21.1-21.3
Wed, Apr 21	Thu, Apr 22	21	Options III	21.4, 21.5
Mon, Apr 26	Tue, Apr 27	22	When Things go Wrong	24
Wed, Apr 28	Thu, Apr 29	23	Behavioral Finance	12.1, 12.2, 23.1, 23.3
Mon, May 3	Tue, May 4		<i>Review for Exam</i>	
Thu, May 6	Thu, May 6		<i>Exam 3</i>	
(no lecture on Wed 5/Thu 6)				