BRANDEIS INTERNATIONAL BUSINESS SCHOOL
FIN 201A: Investments (Fall 2017)
Monday: 6:30pm-9:20pm in Lemberg Academic Center 180 (Lee Hall)

SYLLABUS

Instructor
Jean Claude Makolo, PhD
Email: makolojc@brandeis.edu
Office: S-001B
Office Hours: Th 2:00pm-4:00pm

Teaching Assistant
Fengxi Xu
Email: silvafxxu@brandeis.edu
Office Hours: TBD

Prerequisites and Co-requisites
ECON 210f or Statistics (may be taken concurrently). The course may not be taken for credit by students who have previously taken ECON 171a. Students should have a basic understanding of microeconomics, statistics, and algebra.

Course Description
The course covers topics related to financial economics, including investors’ attitudes toward risk, capital allocation, portfolio selection, asset pricing models (Capital Asset Pricing Model and Arbitrage Pricing Theory), the efficient market hypothesis, fixed income markets, equity valuation, and options and futures markets.

Learning Goals
- Understand the fundamental principles of investment in financial markets (how investors make investment decisions; what determines returns and asset valuations)
- Gain a quantitative understanding of capital allocation decisions, equity valuation, bond markets, and option pricing (Increase understanding of current events in financial markets)

Method of Instruction
The course is a combination of lectures, class discussions, and problem solving. This course is reasonably technical in nature, and it requires each student to do considerable out-of-class work. Problem solving is very important in this course and I encourage participation from all my students in this activity throughout the term. You should read the assigned book chapters prior to coming to class. The material will mean a great deal more to you, and you will understand and retain much more of it, especially when you review the class notes and problems. You are required to attend all classes, participate in class discussions.
Course Materials


Lectures and Other Materials: They will be posted on LATTE. I will let you know, through an email, every time new materials are posted. I highly recommend that you read posted materials before coming to class. You should also keep up with general financial news. This will form part of the basis for class discussion.

Problem Sets

You will also be provided with additional practice problems on various topics throughout the course, in addition to assigned homework problems. These problem sets will be due in class for review and discussion; if you do not hand in your problem sets you will be penalized from your class participation points. I cannot overemphasize the importance of working these problem sets out in detail before coming to class. In case you use any earlier edition, I recommend you to consult the 10th edition for problems to make sure you answer the right questions.

TA Sessions

The TA (s) will be holding one review session per week to cover practice questions on class materials, solve midterm exam, etc. Exact times and locations for the different sessions will be communicated to you at least 72 hours before each review session. If necessary, practice questions will be posted on LATTE 48 hours before each session. So, you are encouraged to try out the posted questions before attending the session. Then, the TA will work through the solutions during the session and post solutions on LATTE after the session. Note that All TA sessions are optional.

Grading

Your grade will be based on class participation, attendance, problem sets, the midterm exam, and the final exam. If you think you may have to miss the midterm, you need to contact me before the exam and have a very good reason. There will be no make-up review problems or make-up midterm. If you miss it, more weight will be put on the other components of your grade. All exams will cover material covered up to the point at which the exam is held. The final grade will be determined according to the following components:

Class Participation: 15%
Problem Sets: 15%
Midterm Exam: 30%.  (October 30th, 2017)
Final Exam 40%
**Use of Laptop Computers, Cell Phones, and Calculator in Class**

Cell phones and PDA.s (i.e., Blackberry.s, iPhones, etc.) must be turned off during lectures. Laptops may be used but only to browse the lecture slides or take notes. Regular class attendance is very strongly advised if you want to do well in the course. Laptop computers and cell phones may not be used during exams. You may use a financial calculator for weekly problem sets. However, you will need only a standard scientific calculator for the final exam and the two quizzes.

**Accommodation for disabilities**

If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately. For more information go to: [http://www.brandeis.edu/disability](http://www.brandeis.edu/disability)

**Academic Integrity**

The instructor enforces all University rules, especially those regarding academic honesty and integrity. Note: there is a zero tolerance level in this area. Plagiarism is cheating. The use of another’s material without permission and without recognition is cheating. This applies to text books, solution manuals, study guides, a friend's assignment, past assignments, internet resources or any other material irrespective of the source.

You are expected to be familiar with and to follow the University’s policies on academic integrity: [http://www.brandeis.edu/studentlife/sdc/ai/](http://www.brandeis.edu/studentlife/sdc/ai/). Instances of alleged dishonesty will be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University.
**Detailed Course Outline**

The course outline (below) lists the topics covered and the readings for each class. I will update the syllabus accordingly and post the new version on LATTE.

<table>
<thead>
<tr>
<th>Date</th>
<th>Lecture</th>
<th>Reading</th>
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<tbody>
<tr>
<td>September 11</td>
<td><strong>Lecture 1:</strong> Overview of Course, Financial Securities, Time Value of Money, Review of Statistical Concepts</td>
<td>1.1-1.2, 1.4, 2, 3.1-3.2, 3.4, 3.7-3.9</td>
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<td>September 18</td>
<td><strong>Lecture 2:</strong> Risk and Return</td>
<td>5.1-5.2, 5.4-5.7</td>
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<td>September 25</td>
<td><strong>Lecture 3:</strong> Risk Preference and Capital Allocation</td>
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<td>October 2</td>
<td><strong>Lecture 4:</strong> Portfolio Selection, Markowitz Portfolio Optimization</td>
<td>7.1-7.4</td>
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<td>October 9</td>
<td><strong>Lecture 5:</strong> Index Models, Capital Asset Pricing Model</td>
<td>8, 9.1-9.2, 9.4</td>
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<td>October 23</td>
<td><strong>Lecture 7:</strong> Behavioral Finance and Technical Analysis</td>
<td>12</td>
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<td>October 30</td>
<td>Mid Term Exam</td>
<td>6:30pm – 9:30pm</td>
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<td>November 6</td>
<td><strong>Lecture 8:</strong> Bond Pricing, Term Structure of Interest Rates, Bond Duration</td>
<td>14, 15, 16.1-16.2</td>
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<td>November 13</td>
<td><strong>Lecture 9:</strong> Equity Valuation Models, Options Markets</td>
<td>18.1-18.5, 20.1-20.4</td>
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<td>November 20</td>
<td><strong>Lecture 10:</strong> Option Valuation</td>
<td>21.1-21.4</td>
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<td>November 27</td>
<td><strong>Lecture 11:</strong> Futures and Swaps</td>
<td>22, 23</td>
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<td>December 4</td>
<td><strong>Lecture 12:</strong> International Diversification</td>
<td>25.1-25.3</td>
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