BA 533: Investment Concepts

**Instructor:** Xiaoxin Wang Beardsley, Ph.D., Associate Professor of Finance  
(Pronounce: Shaw-Shin)

**Office:** Rehn 128A  
**Telephone:** 618-453-1422  
**E-mail:** For general questions: xwang@business.siu.edu;  
**To turn in assignments:** teachingx@yahoo.com;  
PLEASE DO NOT EMAIL TO xwang@siu.edu

**Website:** New lecture notes will be posted in advance of each class on D2L;  
Important announcements will also be posted on D2L;  
Make sure you check D2L frequently (at least every other day) so as not to miss any  
announcement or lecture notes.

**Class Meet:** Tuesday/Thursday, 2:00pm---3:15pm, Rehn 326  
**Office Hours:** Tuesday/Thursday, 10:45am---12:15pm, Rehn 128A or by appointment

**Textbook:** Investments, 10th edition, by Bodie, Kane and Marcus, McGraw-Hill

**Course Description:**
BA533 discusses theories and applications of investment and portfolio management. The class is  
heavily quantitative and theoretically orientated. A good understanding of statistics, Excel  
spreadsheet, economic graphs, and mathematical formulas is crucial. Topics include U.S. stock  
markets, the financial crisis of 2008, Bloomberg market data service, risk and return calculation,  
Markowitz Portfolio Theory, Capital Asset Pricing Model, Arbitrage Pricing Theory, multifactor  
pricing models, Market Efficiency Hypothesis, investment performance evaluation, active/passive  
investment, and security valuation.

**Exams:**
There will be two exams. Questions on the exams include True/False, multiple choice, short  
answers, calculations and/or essays. Exams will cover issues addressed in class and assigned as  
extra reading materials, no matter whether they are in the textbook or not. This is not a course you  
can get a decent grade simply by reading the book on your own and showing up on exam dates.  
Exams are close-book (no formula sheet will be given), not cumulative, but later exams may  
inevitably touch the material covered earlier.

**Excel Projects:**
There will be one big project on the application of Markowitz Portfolio Theory; one mini project on  
investment performance evaluation; and one mini project on the application of the dividend  
discount model. Details of the projects will be posted when the corresponding material is covered.

**Attendance:**
Attendance makes up 10% of your grade (10 points out of 100). Each absence without valid reason  
deemed by the instructor) and official documentation after the first one will result in a 1-point  
deduction, till your attendance score goes to zero.
Trading Simulation and Excel DDM Application:
Each student is required to open an account at www.investopedia.com/simulator/. It’s free. You play with fake money but real securities. The purpose of the game is for you to get familiar with trading, not necessarily to make profits. After signing up and login, click ‘simulator’, and search for game name “ba533spring2014”. You can check on your performance, transaction history and your ranking as compared to other players of the game. If you do not want your real name to show in the rankings, pick an alias as your login. On April 17th, you are required to turn in a copy of your trade history together with an Excel performance evaluation project on your portfolio. On May 1st, you are required to turn in another project applying the dividend discount model on your portfolio for an extra 3% bonus point.

Bloomberg Essentials Online Training Certifications:
Bloomberg is a mass media corporation based in New York City http://www.bloomberg.com/company/. Bloomberg provides financial tools such as security analysis, security trading platform, live and historical data feeds and news around the world through the Bloomberg Terminal. Bloomberg terminals are widely utilized in the investment industry. The Bloomberg Essentials Online Training Program is Bloomberg’s online school, teaching the basics of Bloomberg system and functionality. You are required to view the training videos and take the tests afterwards. For this course, all four certifications on Equity, Fixed Income, Foreign Exchange and Commodity are required. Detailed instructions on how to obtain the certifications will follow.

Grading:
The final score for the course will be assigned as follows:
- Exam 1: 25%
- Exam 2: 25%
- Excel Project on MPT: 25%
- Trading practice and performance evaluation project: 10%
- Attendance: 10%
- Bloomberg certifications: 5%
- Excel project on the dividend discount model: 3% bonus
The final grade scale is: A>=90%; B>=80%; C>=70%; D>=60%; F<60%.

Assignments Submission:
Both an e-copy and a paper copy are required for assignment submission. E-copies are to be submitted to teachingx@yahoo.com; paper copies are to be submitted in person in class. Any submission past due time will suffer a loss of 2 points per calendar day while in delay.

Academic Dishonesty:
Academic dishonesty will NOT be tolerated. Students found guilty of committing acts of academic dishonesty will receive an F in the course and risk suspension from SIUC. Examples of academic dishonesty include, but are not limited to: plagiarism, knowingly furnish false information to the instructor, possession or use of others’ projects (even a part of) to work as their own, talking to others during an exam, and looking at others' exam papers.

Posting Grades:
SIUC dawgtag numbers (85xxxxxxxx) will be used to post grades on D2L of the entire class during the semester. If you prefer to use something else for grade posting, please let me know.
I WILL TREAT EVERYONE WITH RESPECT. IN RETURN, I EXPECT THE BASIC MANNERS FROM YOU. THESE INCLUDE:

1. Absolutely NO newspaper reading, internet surfing, text messaging, or chatting in class. I will instruct you on when, whether and how to use the computers and the Bloomberg terminals when the need arises in class.

2. Each excuse for class absence requires OFFICIAL documentation and approval of the instructor. If no official documentation is provided or the excuse for the absence is not approved by the instructor, one-point attendance score will be deducted and the student is FULLY responsible for making up the missed class material, i.e., I will NOT go over anything with you, not on the same day, not on the next day, and definitely not before the exam or assignment due date.

3. Every student is required to come to class ON TIME. Excuses such as alarm malfunction or unavailability of parking can NOT be accepted. Should a student need to leave class early, he/she is expected to let me know IN ADVANCE.

4. Since each student can get up to 3% bonus points, any other argument about more curves, extra credits or bonus points is unnecessary: especially for students who do not show efforts during the semester and require anything extra in the end, the answer will be an absolute NO. No student will be given an advantage over others by having the opportunity to obtain extra credit. Incomplete grades will NOT be given except under appropriate circumstances and approved by the instructor.

Others:
For detailed information on important semester dates, student conduct code, and emergency procedures, please refer to file ‘Syllabus Attachment_Spring2014’.
**Tentative Course Outline:** (This schedule is *subject to change*)

<table>
<thead>
<tr>
<th>Date</th>
<th>Chapter</th>
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<tbody>
<tr>
<td>1/14</td>
<td>Syllabus, Bloomberg login and Investopedia game login</td>
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<tr>
<td></td>
<td>Topic 1: U.S. Stock Markets and Trading Basics</td>
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<td>Topic 2: The 2008 Financial Crisis</td>
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<td>Topic 3: Risk and Return</td>
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<td>Topic 4: Markowitz Portfolio Theory and Excel Application</td>
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<tr>
<td>2/20</td>
<td><strong>Bloomberg Certifications Due at the beginning of class</strong></td>
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<td>2/27</td>
<td>Exam 1</td>
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<td>3/6</td>
<td>Excel Project on MPT due at the beginning of class.</td>
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<td>Test on your knowledge of the MPT Project</td>
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<td>Spring Break</td>
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<td></td>
<td>Topic 5: CAPM, Alpha/Beta calculation, APT, multifactor models</td>
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<td>Topic 6: Market Efficiency</td>
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<td>Topic 7: Performance Evaluation</td>
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<td>4/17</td>
<td><strong>Trading History and Performance Evaluation due at the beginning of class.</strong></td>
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<td>Topic 8: Behavior Finance, Technical Analysis and Fundamental Analysis</td>
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<td>Topic 9: Equity Valuation, Bond Valuation and Management</td>
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<td>5/1</td>
<td><strong>DDM application with Bloomberg data (bonus 3%)</strong></td>
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<td>5/7 3:10pm</td>
<td>Exam 2</td>
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