



COURSE SYLLABUS

Course: **FINN 4133 Advanced Investments**

Prerequisite: FINN 3063

Course Description:

The purpose of the course is to provide sound training to students in the principles of portfolio management through some derivative securities, certain advanced techniques and especially new financial products. Modern portfolio theory and its application to portfolio management practices will be emphasized.

Value of the Course:

To provide essential knowledge to students to develop a career in investment or for further education in investment.

Course Objectives:

To introduce students to the fundamental principles of investment and portfolio management and to learn the mathematics, rationale, and logical thinking of sound investment and portfolio management.

Required and Recommended Material:

- Textbook: *Options, Futures and Other Derivatives*, 8th edition (6th or 7th edition also fine), by John Hull. I will provide detailed notes on related important topics. Use the text book as reference only and focus on what is covered in class.
- *Lecture Notes* - will be available on the "Blackboard". So it is important to check the Blackboard often.
- *The Wall Street Journal*, daily – Recommended
- A financial calculator – Required

Guidelines for Testing Accommodations for Students with Disabilities:

This class will follow the university's policy that reasonable accommodations will be made for students with disabilities. Students must request any accommodations from their instructor in addition to requesting accommodations from the Center for Educational Access (CEA). Please contact the CEA for details on accommodations for disabilities.

Class Procedures:

Lectures, class discussions, student participation, and exercise problem solving in the class are all important components for the course. Homework problems will also be assigned. Doing the exercise problems in the class and homework problems are critical for the success in the course.

Special Requirements:

- Students are required to bring a financial calculator to every class.
- This is a very challenging and rigorous course in finance. It is specially designed for senior students who have strong background and high interest in finance and accounting. The course also requires strong motivation to take challenges. Students who do not have strong background in finance and accounting or lack the motivation to take challenges may encounter difficulty in the course. However, for students who are willing to take challenges and to work hard will find the course rewarding – you will learn rigorous material useful in your career.
- You will fall behind even you miss a few classes. So make an attempt to attend each class!

Class Procedures:

Lectures, class discussions, student participation, and exercise problem solving in the class are all important components for the course. Homework problems will also be assigned. Doing the exercise problems in the class and homework problems are critical for the success in the course.

Prerequisites:

- To take the course, you *must* be a senior student at the Walton College of Business. Exceptions can be made but you must first obtain permissions from the instructor.
- According to the University Catalog, you must also have successfully completed (i.e. receiving a passing grade) the following courses before you can take this course:

FINN 3063: Investment

FINN 3013: Financial Analysis

WCOB 2043: Acquiring and Managing Financial Resources

ECON 2023: Principles of Microeconomics with a grad “C” or better

If you lack any of the above prerequisites, you must drop the class immediately. Otherwise, you will be dropped administratively and you may not get any refund for the tuition and fees.

Attendance Policy:

Attendance will be taken regularly. This is a very difficult course; failure to attend class even occasionally will seriously impair student’s ability to comprehend the material. Students who miss *three classes or less* during the semester will not lose any grades. However, students who miss *more than three classes* will lose **5 points** for each additional class they miss. For example, a student missing 5 classes in the semester will lose 10 points.

Examinations:

- Exams missed cannot be made up unless for reasons specified by the official policy of the University. A grade of zero will be recorded for an unauthorized absence from an exam.

For students who miss an exam due to reasons out of the control of the students, the percentage of the final exam grade will be used to substitute the missing exam.

- The grade of “I” (Incomplete) will not be given unless all the conditions specified by the University policy are met.
- The final exam will be given on the day specified by the University.
- Individual exams will not be “curved.” A curve, if needed, will be applied to the overall grade at the end of the semester.

<u>Grades</u>	<u>Points</u>
First Exam	100
Second Exam	100
Third Exam	100
Final Exam*	100
Attendance	50
Quizzes	50
Total	500

* Final Exam Day: **Wednesday, December 12, 2012, 3:15 PM-5:15 PM.**

This final exam date is set by central administration and cannot be changed. Exceptions for students who have a university excused absence or a specific conflict with another officially scheduled final exam may be made. Exceptions will not be made for any non-university related absence.

There will be three non-comprehensive mid-term examinations during the semester and a comprehensive final exam. The tentative dates for the three mid-term exams are September 19th, October 24th, and November 19th. More details will be provided later during the semester and these dates are subject to change. I will announce specific mid-term exam dates, as well as the material for which students will be responsible, at least one week prior to the exam.

I do not negotiate over course grades. If you miss a higher grade by a just a “couple” of points, you’ll have my sympathy, but that’s it.

Academic Dishonesty:

Academic dishonesty by any student will not be tolerated. Any student caught in the act of cheating will be dealt with in accordance with University’s Academic Integrity Policy. Each University of Arkansas student is required to be familiar with and abide by the University’s Academic Integrity Policy which is available in the following website:

<http://catalogofstudies.uark.edu/2882.php>.

Inclement weather policy:

Generally, inclement weather is more of an issue during the spring semester than during the fall, but occasionally it happens. Even if the university is open, class may still be cancelled due to

inclement weather. Cancellation notices are posted on Blackboard so you should always check before heading out. I suggest that students use simple common sense when it comes to winter travel decisions.

Professionalism:

Class begins precisely at 1530 and you're expected to be in the room and ready to go. Also, I expect that you will not talk in class or leaving early. Eating food in the classroom tends to be distracting to your fellow students, so please minimize food in the classroom unless it is necessary. Drinks are okay, but please police yourself. Please keep your mobile phones in your bags or backpacks and set on silent mode or off during class. You may use a laptop computer, iPad or similar device during class assuming you're using it strictly for class work (not checking out Facebook, reading email, etc.).

Disclaimer:

We may deviate from the topics listed in the syllabus. The topics listed in this syllabus are what we intend to cover, but they are tentative because sometimes the time may not allow us to cover them all. In case we have extra time, we will cover additional topics.

Tentative Schedule:

(subject to change)

<u>Topic</u>	<u>Text Chapters</u>
Introduction to Derivatives Markets	1
Mechanics of Futures Markets	2, 3
Determination of Forward and Futures Prices	5
Interest Rate and Interest Rate Futures	4, 6
Mechanics of Options Markets	9
Properties of Stock Options	10
Trading Strategies Involving Options	11
Foreign Currency Markets	
Foreign Currency Forward and Futures	
Interest Rate and Currency Swaps	7