
Investment & Portfolio Management

52:390:540:90

Fall 2022

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Office Hours: By appointment

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Course Description: This course introduces students to the basic principles of security and investment analysis. The objective of this course is to understand the overall investment process. During the semester, we will cover concepts needed to evaluate investment choices. We will discuss the similarities and differences between various financial securities, and theories and techniques of pricing them.

Learning Goals: This course will cover the following main topics:

1. Description of the investment process: By the end of the semester, you will be able to develop an investment policy statement for an investor by considering issues like risk and return tradeoffs, resource constraints, and asset allocation.
2. Risk and return: We will discuss the statistical concepts needed to calculate risk and returns, and how to measure risk and return of an individual security as well as a portfolio. By the end of the semester, you will be able to use these concepts and evaluate the risk of an investment security as well as calculate its return.
3. Knowledge of asset classes and financial instruments: We will discuss the major asset classes and their similarities and differences. By the end of the semester, you should understand the financial markets for these major asset classes and how to price these assets.
4. Portfolio performance evaluation: By the end of the semester, you will be able to compute portfolio expected returns and variances, understand portfolio diversification, and evaluate the systematic and unsystematic components of portfolio risk. You will also be able to understand how risk is rewarded in security markets and use those concepts to evaluate portfolio performance.

Course Materials:

1. *Required textbook:* Essential of Investments by Bodie, Kane, and Marcus (McGraw Hill, 12th edition). This textbook is currently in the 12th edition, but previous editions will work as well.
2. *Financial Calculator:* You will need a financial calculator for this course. You will be using your calculators for several assignments as well for quizzes and exams. If you have not used a financial calculator before, please take the time to familiarize yourselves with the user manual. I recommend the TI BA II Plus, but TI 83 or a comparable graphing calculator will work as well. The financial calculator must have at least the PV, FV, PMT, NPV, IRR, and cash flow registry capabilities.
3. *Course Website:* The course website on Canvas will be used as an important channel to disseminate course-related information. I will also upload syllabus and other relevant materials on Canvas. I will also make announcements about any changes in schedules, assignments, policies, etc. via Canvas. It is the students' responsibility to regularly check the site for important information and updates. Please make sure that you have enabled notifications for this course.

Homework Assignments: Homework will be assigned periodically. All homework will be assigned through Canvas and will be due a week for assigning. To effectively keep up with the coursework and get the most out of this class, it is important that you complete the assignments by their due date.

Exams: There are three exams for this course. Each exam is non-cumulative and is worth 10% of your final grade.

Discussions: To get the most out of this class, you are expected to participate often in class discussions. There will be a discussion at the end of each module. Your comments on the forum should reflect your understanding of the relevant course materials and should be made with the intention of meaningfully contributing to the discussion.

Quizzes: There will be a quiz at the end of each chapter. Each quiz will consist of about ten multiple-choice questions that test your understanding of the key concepts in that chapter and will have a time limit of twenty minutes.

Exam Make-up Policy: *There will be no makeup exams or makeup assignments for unexcused absences.* Exams and homework will be available for up to a week for you to complete. If you are going to be absent/unavailable on the day a homework assignment is due, you are responsible

for finishing and submitting it on or before the due date. You must provide at least a week's notice if you need to miss an exam for a university approved reason and need an alternate date. I will try to accommodate last-minute excused absences on exam or quiz days as best as I can. ***To qualify for extensions on exams and assignments, where applicable, you must provide valid documentation like a doctor's note, police report, or airplane ticket etc. prior to the absence.***

Grade Determination: Your grade in this class will be determined as follows:

Exam1	10%
Exam2	10%
Exam3	10%
Homework	30%
Quizzes	20%
Discussions	20%

Letter grades will be assigned as follows:

90 – 100%	A
85 – 89%	B+
80 – 84%	B
75 – 79%	C+
70 – 74%	C
60 – 69%	D
Less than 60%	F

Academic integrity:

The Academic Integrity policy can be found at <http://studentconduct.rutgers.edu/student-conduct-processes/academic-integrity/>

Students are responsible for understanding the principles of academic integrity and abiding by them in all aspects of their work at the University. Students are also encouraged to help educate fellow students about academic integrity and to bring all alleged violations of academic integrity they encounter to the attention of the appropriate authorities.

Academic Integrity means that you (the student) must:

- Properly acknowledge and cite all use of the ideas, results, or words of others,
- Properly acknowledge all contributors to a given piece of work,
- Make sure that all work submitted as your own in a course activity is your own and not from someone else
- Obtain all data or results by ethical means and report them accurately
- Treat all other students fairly with no encouragement of academic dishonesty

Adherence to these principles is necessary to ensure that:

- Everyone is given proper credit for his or her ideas, words, results, and other scholarly accomplishments
- All student work is fairly evaluated, and no student has an inappropriate advantage over others
- The academic and ethical development of all students is fostered
- The reputation of the University for integrity is maintained and enhanced.

Failure to uphold these principles of academic integrity threatens both the reputation of the University and the value of the degrees awarded to its students. Every member of the University community therefore bears a responsibility for ensuring that the highest standards of academic integrity are upheld. Violations are taken seriously and will be handled according to University policy.

Student Resources:

Refer to this site for resources to assist you in preventing academic integrity issues such as coaching from the Learning Resource Center, Tips to help prevent AI violations, and other reference material for writing.

<https://deanofstudents.camden.rutgers.edu/academic-resources>

Etiquette expectations from online students:

The following protocols on the codes of behavior reflect professional business norms on manners, courtesy, and respect. (*In general, you should treat others as you would like others to treat yourself. Be mindful that what is acceptable in a text or chatroom with friends may not be appropriate in a classroom or in an online conversation with an instructor.*)

Even though many of you are already aware of these protocols, they are explicitly stated here so that everyone is cognizant of the same protocols. These protocols should be followed by all students taking this course to help ensure the online experiences for everyone involved are pleasant. They are as follows:

- If you were to send an e-mail to the professor/tutor, please address the person appropriately such as “Dr.” or “Mr./Ms.”, not ‘Hey’. Note that I will address you with your first name, unless you prefer that I address you differently.

- When sending an e-mail, you can get better attention by using the following guidelines:
 - Use descriptive subject lines, (I am sure you have received a lot of Spam e-mails and I have occasionally and accidentally deleted student e-mails that I thought was Spam.)
 - Please be as brief as possible by going straight to the point, and if possible, limit the use of attachments.

Never send offensive and insulting messages* (this is a violation of the Student Code of Conduct). If you disagree, say so and state your reasons. Social media is a very powerful tool for communication. However, it can be badly misused if it is not used correctly or professionally. For example, you may have personal and legitimate concerns with this course. However, other students, who do not have similar feelings, can be negatively influenced by your concerns. This will unnecessarily and negatively affect their overall experience of the course. Therefore, to minimize such an occurrence, please feel free to directly contact the instructor/tutor first to resolve any concerns that you may have to help ensure that everyone’s online experience of this course is beneficial.

- Always guard against inciting others when it comes to content, opinions, etc. That is, avoid blaming or accusing others of wrongdoing.

- Do not start a volley of back-and-forth e-mails, with copies distributed to every student in the class.

- Copy the minimum number of people. That is, send e-mails to only the people you think should receive and will benefit from it.

- Treat all e-mails and postings as permanent forms of written record and do not expect that any your e-mail communications to be private, unless stated otherwise. Instead, assume that all e-mail communications are public.
- Do not publicize your own or others' personal information (such as email, phone numbers, last names, etc.)

Student Code of Conduct:

Rutgers University-Camden seeks a community that is free from violence, threats, and intimidation; is respectful of the rights, opportunities, and welfare of students, faculty, staff, and guests of the University; and does not threaten the physical or mental health or safety of members of the University community, including in classroom space.

As a student at the University, you are expected adhere to the Code of Student Conduct. To review the code, go to: <https://deanofstudents.camden.rutgers.edu/student-conduct>.

Note that the conduct code specifically addresses disruptive classroom conduct, which means "Engaging in behavior that substantially or repeatedly interrupts either the instructor's ability to teach or student learning. The classroom extends to any setting where a student is engaged in work toward academic credit or satisfaction of program-based requirements or related activities."

Students with Disabilities:

The University is committed to supporting the learning of all students and faculty will provide accommodations as indicated in a Letter of Accommodation issued by the Office of Disability Services (ODS). If you have already registered with ODS and have your letter of accommodations, please share this with me early in the course. If you have or think you have a disability (learning, sensory, physical, chronic health, mental health or attentional), please contact <https://success.camden.rutgers.edu/disability-services>.

Accommodations will be provided only for students with a letter of accommodation from ODS.

Their services are free and confidential. Letters only provide information about the accommodation, not about the disability or diagnosis.

Course Schedule:

Module	Topic	Exams
1	Introduction to asset classes and financial instruments	
2	Returns – How to compute and summarize returns	
3	Risk – How to compute and implications	
4	Correlation and Covariance	
5	Risk and Return of a portfolio	
		Exam 1
6	Efficient Diversification	
7	Return, risk, and the SML	
8	Capital Asset Pricing Model	
9	Application of CAPM and other multifactor models	
10	Performance eval and risk mgmt.	
		Exam 2
11	Market Efficiency	
12	Behavioral Finance and Technical Analysis	
13	Intro to Equity Valuation	
14	Interest rates – Some basics	
15	Intro to Bond prices and yields	
		Exam 3