

**Georgia Institute of Technology
College of Management**

**MGT 3076
Investments
Spring 2009**

Professor:

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Syllabus

Course Description and Prerequisite

This course introduces a sound foundation for the main concepts in investments. Students who master the course material will acquire fundamentals of finance theory and analytical tools for making good investment decisions. We will mainly discuss financial markets and techniques for common stocks and fixed income securities in this course. This is highly quantitative course. Students are expected to be comfortable with basic finance concepts, probability, statistics, regression analysis, calculus and Excel or other spreadsheet programming. Prerequisite for this course is MGT 3062 or its equivalent. The course is supported via course website at <http://t-square.gatech.edu/>. Login using your GT prism id. Handouts, if any, will be posted therein and students are expected to print and bring them to the class.

Reading for the Course

Required text: *Essentials of Investments* by Zvi Bodie, Alex Kane and Alan J. Marcus, 7th Edition, Irwin McGraw-Hill.

In addition, it is strongly recommended to read the Wall street Journal and Financial Times on a regular basis. Some reading may be handed out or posted on the course website during the semester. These will include articles from various academic and practitioner journals.

Requirements and Grading

The course requirements are 2 exams and homework assignments. Class participation will also affect your grade (positively or negatively). Your course grade will be determined by the following scheme:

	Scheme
Midterm	30%
Final	45%
Homework Assignments	15%
Class Participation	10%
Total	100%

Re-grading Policy

If you submit a question to be re-graded, your entire exam will be re-graded. All grade appeals must be submitted within one week from the date the exam is passed back to students, explaining why you wish your exam to be re-graded.

Class Participation and Attendance

Class attendance will account for 10% of your overall course grade. If you miss more than four classes, this portion of your grade will be a zero. You will receive full credit for this portion of your grade if you miss four or fewer classes. I will take attendance by passing out a sample problem for you to complete or circulating an attendance sheet during class. The sample problems are excellent practice for the exams.

Homework assignments and Exams

Homework assignments will be given based on the discussion in class. Solutions will be provided later. Keep in mind that exam questions will be similar to the assigned homework questions.

You will take one closed-book Midterm exams in class as scheduled in Course Outline and one Final exam in the final week. No make-up exams (either earlier or later) will be provided. There is no exception to this rule to be fair to all students. A score of zero will be assigned for each exam that is missed.

Honor Code:

It is your responsibility to familiarize yourself with the Georgia Tech Honor Code. Students are expected to follow the Honor Code. Please ask the professor if you need any clarifications on this. Any violation of the code will be reported.

Courtesy Rules

1. Turn off cell phones.
2. Do not use laptops during class sessions.
3. Show up on time.
4. Put your name plate in front of your seat.
5. If you must leave early, let me know before class and sit where you can exit without causing a disturbance.

Course Outline

This outline is an *approximate* schedule of topics that will be covered. It is subject to change. "BKM" refers to the required text book by Bodie, Kane and Marcus.

Week 1 (Jan 5 & 7)

Topics: Introduction (diagnostics test), Course outline, Financial Markets
Reading: Chapter 1, 2

Week 2 (Jan 12 & 14)

Topics: Overview of Financial markets and their mechanics
Reading: Chapter 3, 4

Week 3 (Jan 19 & 21)

Topics: Investment Landscape, Return and Risk
Reading: Chapter 4, 5

Week 4 (Jan 26 & Jan 28)

Topics: Asset Pricing and Present Value Formula
Reading: Handouts

Week 5 (Feb 2 & 4)

Topics: Introduction to Asset Allocation, Portfolio Theory and Mean-Variance Analysis
Reading: Chapter 6

Week 6 (Feb 9 & 11)

Topics: CAPM and APT
Reading: Chapter 7

Week 7 (Feb 16 & 18)

Topics: APT and Pre-exam review
Reading: Chapter 7

Week 8 (Feb 23 & Feb 25)

Topics: Exam #1 (Feb 23) and Meeting at Trading Floor

Week 9 (Mar 2 & 4)

Topics: Market Efficiency and Anomalies
Reading: Chapter 8

Week 10 (Mar 9 & 11)

Topics: Macroeconomic and Industry Analysis, Equity Valuation
Reading: Chapter 11, 12

Week 11 (Mar 16 & 18)

Topics: Spring Break

Week 12 (Mar 23 & 25)

Topics: Financial Statement Analysis and Meeting at Trading Floor
Reading: Chapter 13

Week 13 (Mar 30 & Apr 1)

Topics: Fixed income securities I
Reading: Chapter 9, 10

Week 14 (Apr 6 & 8)

Topics: Fixed income securities II
Reading: Chapter 10

Week 15 (Apr 13 & 15)

Topics: Active Portfolio Management, Portfolio Performance Evaluation

Reading: Chapter 17

Week 16 (Apr 20 & 22)

Topics: Class review and Pre-exam review