FINA 5511D
INVESTMENTS
Fall (1) 2015

Instructor: Vijay Jog
Phone Number: 520-2377
Email: vijay_jog@carleton.ca
Office hours: Monday or Tuesday 5 – 6 p.m. or after class or by appointment
Office: Dunton Tower 1714

Prerequisites:
ACCT5001, ACCT5002, BUSI5801, FINA5501 and FINA5502.

The School of Business enforces all prerequisites.

Cellular Phones:
The use of cellular phones IS NOT PERMITTED in this class. It is disruptive to the instructor and class members. If you carry a phone to class, please make sure it is turned off. If an emergency situation requires you to keep your cell phone turned on you may wish to keep the silent mode on, please discuss this with the instructor prior to the class starting.

Drop Course Policy
The deadline for academic withdrawal is the last day of classes (each term).

Course Description
The course is oriented towards equipping prospective investment analysts and you as individual investors with the analytical foundations and tools necessary for successful decision making as it pertains to understanding and investment in “specific securities”. The thrust of the course is analytical with significant practical-hands-on component; the focus is on understanding investments in ‘securities” as opposed to “portfolio management”.

Required Text:
Bodie et al., Investments, 8th Canadian Edition, McGraw-Hill, Ryerson, 2011. If you have to you can use 7th edition)
In addition, some specific readings will be assigned to specific sessions. These readings will be available to download from the course web site.

**Other books you may want to read:**

**Grading:**
- Project 30%
- Mid Term exam (week 4<sup>th</sup>) 30%
- Final Examination 40%
- Total 100%

**Final Exam Date:** Monday, October 19, 2015 1805-2055, DT328

There will be no make-ups for missed quizzes. The project must be formally submitted in hard copy no later than Oct. 19<sup>th</sup>, at 6PM. E-mailed and late submissions will not be graded. Students will form groups of not less than 3 or more than 4 students for the project work (you cannot do it alone).

**Project**

Choosing two comparable firms in the same industry from either the SP/TSX60 or S&P500, each group will be asked to submit model based report on these companies. The model based analysis should make full use of the models introduced in the text and in class (CAPM, APT, Dividend Growth model, etc.), as well as calculate some basic statistics (variance, covariance, skewness, etc.) and comment on it. You may also want to create a portfolio of these two securities along with risk free rate and/or the industry index. The difference between a good project and a not so good project would be based on the initiatives/innovation/uniqueness shown in the report. You may also wish to visit certain websites such as; [www.marketwatch.com](http://www.marketwatch.com), [www.bloomberg.com](http://www.bloomberg.com), [www.yahoo.com/finance](http://www.yahoo.com/finance) as starting points for detailed research. Further, you have access to the Bloomberg terminal in the library, and Capital IQ here in Dunton tower for firm specific information. The ultimate purpose of the report is to ensure that you get a hands-on experience on working with real data. **You are not required to do any financial statement based analysis; this is not a valuation exercise; it is meant to give you a hands on experience using stock market data; so please use only stock market data.**

The text of the report must be in hard copy form, e-submissions will not be accepted, and cannot be more than 3500 words (approximately 10 pages of text). Appendices including data analysis and graphs are acceptable, and do not count toward the 10 page limit, 1.5 lines spacing. I do not need to see the data used, just source it so that I can verify your numbers if the data does not look right. Please ensure that all references are included, and provide the URL if a webpage is used. The report must be formally submitted in hard
copy no later than Oct. 20th, at 6PM. E-mailed and late submissions will not be graded. You are more than welcome to also submit an e-copy including excel workbook, if you choose; if you decide to do that, use a CD or USB stick.

**NOTE:** Selected Problem sets will be placed on Moodle (Carleton.ca/cuLearn) on a regular basis. It is expected that all students complete the sets, and to follow daily business news through newsprint sources such as Barron’s, The Economist, Report on Business, Financial Post, Wall Street Journal, Financial Times, etc., in order to be adequately prepared for class.

**Deferred Final Examination:**
Students unable to write a final examination because of illness or other circumstances beyond their control must contact the instructor and the MBA office in writing to request a deferred exam. Permission may be granted when the absence is supported by a medical certificate and or appropriate document/s to support the reason for the deferral. Deferred exams are not granted for students who have made travel arrangements that conflict with examination schedule.
Course Outline

This is a tentative outline. As the course evolves, you will be notified about specific sections in the chapters that may not be covered and the corresponding breadth and depth of coverage.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Chapter</th>
<th>Session</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to the course</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Markets and Instruments</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>• Money Market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Fixed Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Equities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Derivatives (just introduction)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How Securities Are Traded</td>
<td>3</td>
<td>1/2</td>
</tr>
<tr>
<td>• Issuing Securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Trading and Market Orders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Regulations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Choice Under Uncertainty</td>
<td>4 – 8</td>
<td>2/3</td>
</tr>
<tr>
<td>It is imperative that you read chapters from your 5502 textbook where we reviewed the 2 security and 3 security portfolio construction and CAPM; We will not spend much time on it.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Utility Theory, Risk Aversion, and Portfolio Mathematics (briefly)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Probability Theory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Risky Portfolios and the Risk-Free Asset (very little time)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Efficient Allocation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• CAPM (very little time)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Multi factor Index Models</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Efficiency and Investment implications</td>
<td>9</td>
<td>3/4</td>
</tr>
<tr>
<td>Bonds</td>
<td>12 - 13</td>
<td>4/5</td>
</tr>
<tr>
<td>• Prices and Yields</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Term Structure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative Assets (time permitting and selected sections) and course review</td>
<td>18</td>
<td>5/6</td>
</tr>
<tr>
<td>• Options</td>
<td>And maybe 19.4</td>
<td></td>
</tr>
</tbody>
</table>
Suggested readings:

Session 2-4

Kobana Abukari and Vijay Jog, Canadian Stocks: Facts vs. Folktales, Canadian Investment Review, 2010
Kobana Abukari and Vijay Jog, Seasonality and Canadian Stock Performance, Canadian Investment Review, 2011
On the seasonality of Equities; Econompicdata, October 4, 2011
Andrew Clare, Nick Motson and Steve Thomas, An evaluation of alternative equity indices; Part 1: Heuristic and optimised weighting schemes and Part 2: Fundamental weighting schemes, March 2013
IMPORTANT ADDITIONAL INFORMATION

Course Sharing Websites
Student or professor materials created for this course (including presentations and posted
notes, labs, case studies, assignments and exams) remain the intellectual property of the
author(s). They are intended for personal use and may not be reproduced or redistributed
without prior written consent of the author(s).

Policy on Mobile Devices
The use of mobile devices IS NOT PERMITTED in this class. It is disruptive to the instructor and
class members. If you carry such a device to class, please make sure it is turned off. If an
emergency situation requires you to keep it turned on, please discuss this with your instructor
prior to class.

Group Work
The Sprott School of Business encourages group assignments in the school for several reasons.
They provide you with opportunities to develop and enhance interpersonal, communication,
leadership, followership and other group skills. Group assignments are also good for learning
integrative skills for putting together a complex task. Your instructor may assign one or more
group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the
problem is meant to be a group assignment and not an individual one.

Person with Disabilities
Students with disabilities requiring academic accommodations in this course are encouraged to
contact a co-ordinator at the Paul Menton Centre for Students with Disabilities to complete the
necessary letters of accommodation. After registering with the PMC, make an appointment to
meet and discuss your needs with me at least two weeks prior to the first in-class test or ITV
midterm exam. This is necessary in order to ensure sufficient time to make the necessary
arrangements. Please refer to http://www.carleton.ca/pmc/ for all PMC information.

Religious Observance
Students requesting academic accommodation on the basis of religious observance should make
a formal, written request to their instructors for alternate dates and/or means of satisfying
academic requirements. Such requests should be made during the first two weeks of class, or as
soon as possible after the need for accommodation is known to exist, but no later than two weeks
before the compulsory academic event. Accommodation is to be worked out directly and on an
individual basis between the student and the instructor(s) involved. Instructors will make
accommodations in a way that avoids academic disadvantage to the student.

Students or instructors who have questions or want to confirm accommodation eligibility of a
religious event or practice may refer to the Equity Services website for a list of holy days and
Carleton’s Academic Accommodation policies, or may contact an Equity Services Advisor in the
Equity Services Department for assistance.
Pregnancy

Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a letter of accommodation. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

Academic Integrity

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another’s ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized cooperation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include expulsion; suspension from all studies at Carleton; suspension from full-time studies; a refusal of permission to continue or to register in a specific degree program; academic probation; and a grade of Failure in the course, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at http://www2.carleton.ca/sasc/advisingcentre/academic-integrity/.

Important Information:
- Students must always retain a hard copy of all work that is submitted.
- All final grades are subject to the Dean’s approval.
- For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, it would be easier to respond to your inquiries if you would send all email from your Carleton account. If you do not have or have yet to activate this account, you may wish to do so by visiting http://carleton.ca/ccs/students/