

## **FINA 4200: Investments**

### **Instructor Information**

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Office Hours: Friday 6:00PM until 8:30 PM

ZOOM link:

<https://unt.zoom.us/j/87306020669?pwd=VNuPQamknc5yP29aFChaq7neW0dC5B.1>

**Meeting ID: 873 0602 0669**

**Passcode: 4200**

### **Communication Expectations**

I am almost always available by email and expect that if you have questions, concerns, or related topics you will reach out to me via email. I want to be clear that phone messages are unlikely to be received and messages sent over canvas are unlikely to be read expeditiously. However, without fail I check my email several times a day during normal business hours.

### **Course Description, Objectives, and Goals**

Financial markets are big, messy, and full of opportunities, that is if you know where to look. This class is about giving you the tools, mindset, and knowledge needed to navigate them like a seasoned investor who knows the game.

We'll start with the fundamentals: asset classes, risk, and portfolio basics. Then we'll start digging into advanced topics like forecasting models, factor investing, and behavioral economics.

The core challenge we'll take on is trying to answer a seemingly simple question: can investment returns actually be predicted? You'll see the arguments going both directions as well as the traps of behavioral bias and how trading costs, risk constraints, and other real-world frictions can destroy what looks like a great idea on paper.

By the end of the semester, you'll be able to:

- Spot the difference between luck and skill in financial markets
- Build a portfolio that makes sense for your investment goals
- Approach market predictions with a healthy mix of curiosity and skepticism

This class isn't about memorizing facts, it's about learning how to think like a top tier investor in a world where finding answers isn't always easy.

## Course Schedule

This course meets twice per week for lecture. During these lectures we will be covering a substantial amount of material in a relatively short period of time. The course outline below should be viewed as the general framework within which we will work. It is likely that we may not fully get through all of the material below and consequently, the following schedule will be adjusted as needed.

### Material to be covered:

Chapter 1: The Investment Environment

Chapter 3: How Securities are Traded

Chapter 17: Macroeconomic and Industry Analysis

Chapter 18: Equity Valuation Model

Chapter 19: Financial Statement Analysis

Chapter 5: Learning about Return and Risk from the Historical Record

Chapter 6: Risk Aversion and Capital Allocation to Risky Assets

Chapter 7: Optimal Risky Portfolios

Chapter 9: The Capital Asset Pricing Model

Chapter 11: The Efficient Market Hypothesis

Chapter 12: Behavioral Finance

Chapter 20: Option Market: Introduction

We will select the most relevant chapters from the textbook to cover in this course. Depending on pacing and content overlap, Chapters 11 and 12 may be combined and covered within a single module. Toward the end of the semester, time permitting, we may cover more chapters.

This course will meet **in person every week**. Each sub-module is designed to take approximately **one week** to complete.

## Accessing Class Materials

All materials for the course located on Canvas ([unt.instructure.com/login/canvas](http://unt.instructure.com/login/canvas)). You will need your EUID to login and will find them located within the course tab located on the left hand portion of the screen. For additional help with canvas contact [clearhelp@unt.edu](mailto:clearhelp@unt.edu) or call (940)565-2324.

## Eagle Connect Account

Students' access point for business and academic services at UNT is located at: my.unt.edu. All official communication from the University will be delivered to a student's Eagle Connect account. For more information, please visit the website that explains Eagle Connect and how to forward e-mail Eagle Connect (<https://it.unt.edu/eagleconnect>).

## Course Materials & Class Preparation

The **required material** for this course is:

1. *Investments, Thirteenth Edition*, by Bodie, Kane, and Marcus, Irwin McGraw-Hill, 2023.  
ISBN: 978-1264412662

### Textbook FAQs:

*Question: Do I need the textbook?*

Answer: **Yes.** The course is structured under the assumption that students have the textbook and are actively reading chapters from it during the semester. I additionally provide practice problems for each chapter to aid students in studying for exams. Not having the textbook will put students at a large disadvantage relative to their peers.

*Question: Do I have to buy/rent this exact edition?*

Answer: **Yes,** though students may choose to purchase older version of the textbook. This is not without it's own risks. Different versions may contain different chapters, examples, case studies, practice problems etc. and as such it will be the student's responsibility to reconcile these differences. I do not provide any mappings across textbook versions.

*Question: Can I use an international edition?*

Answer: As with the prior question though it is ultimately your choice. It will be up to you to reconcile any differences between that version and the version I am using. Again, I do not provide any mappings across textbook versions.

## Grading & Assignments

Grades for this course will be determined as follows

<i>Assignment</i>	<i>Percentage of Final Grade</i>
<i>Midterm #1</i>	<i>20%</i>
<i>Midterm #2</i>	<i>25%</i>
<i>Midterm #3</i>	<i>25%</i>
<i>Class Participation</i>	<i>10%</i>
<i>Investment Project (group project): Security Analysis</i>	<i>20%</i>
<b><i>Total Points Possible</i></b>	<b><i>100%</i></b>

### Midterm Exams

Midterm exams are a chance for students to demonstrate their mastery of the subject matter being discussed. These examinations are not inherently designed cumulative and are multiple choice exams. Students will have the full period of class to complete them. As such students coming late will naturally be at a disadvantage to those who have arrived early. No extra time is granted under any circumstance.

#### **Tentative Midterm Dates:**

02/11/2025, 03/18/2025, and 05/04/2025 are the *tentative* midterm dates but are subject to change based on our progress through the course.

Calculator: A calculator is required for this course. There is no sharing of calculators during the exam.

### Class Participation

A large part of life is simply showing up, and the same is true for this course. A substantial portion of your grade will be determined by class participation, which is largely earned by being present.

Throughout the semester, each student should expect to be called upon at random at least **once**. These dates are assigned by an algorithm and are therefore truly random. When called upon, students simply need to be present to receive participation credit for that day.

In addition, I may randomly select **13 class meetings** during the semester to distribute a sign-in sheet for attendance and participation credit.

Additionally, during class, I regularly discuss examples that are eerily similar to questions on midterm exams. Some students find it useful to have seen these worked through prior to encountering them in the wild (i.e., on the exam).

### Extra Credit

There is no pre-scheduled extra credit in this course and no individual extra credit opportunities will be granted under any circumstance.

### A Note on the Use of Artificial Intelligence Resources

I think the creation of AI chatbots is tremendous and a huge leap forwards in terms of the information and capabilities we have at our fingertips. I actively seek to use it in my own work and have found it to be an excellent tutor for very complex topics.

If you want to use it as a study guide (which I suggest at least experimenting with) I have found the following prompts to be quite effective:

- “Tell me about the 20% of \_\_\_\_\_ that will give me 80% of the knowledge in that area”
- “Please explain \_\_\_\_\_ as simply as possible as if you are explaining it to a novice”
- “Can you explain \_\_\_\_\_ using some simple real-world examples and analogies”

However, as they say with great power comes great responsibility. **If I catch you using AI to generate your assignments in lieu of doing the work yourself, I will give you a zero and most likely will turn you into the academic integrity office.** Trust me it isn't worth it.

## **Attendance & Class Participation**

Students attendance and class participation are largely addressed in the section on class participation. Please understand that attendance and participation in any individual lecture are not necessarily required of students. However, should students fail to be in class when they are called upon they will not accrue the points for that day.

Additionally, any examples performed during lecture are not included in the slides that are distributed via canvas. This means that as a result students who are not in class are likely to miss information closely aligned with questions they will later see on exams.

## **Late Work**

Late work will not be accepted under any circumstance. No exceptions.

## **Examination Policy**

Exams are given in person and are closed note. There are no makeup exams under any circumstance.

## **Grading**

Grades for this course will be assigned using the following ranges.

A:	90 - 100
B:	80 – 89
C:	70 – 79
D:	60 – 69
F:	0 – 59

I will try to adhere to the above grading scale but I reserve the right to deviate from it. **I don't negotiate grades. You earn them.** I will not respond to requests for "extra credits", "special treatment", "boost", "bonus" or "curving". Your grade won't change because you "need", or "deserve" better grades.

## **University Policies**

### *Attendance Policy*

Students are expected to attend class meetings regularly and to abide by the attendance policy established for the course. It is important that you communicate with the professor and the instructional team prior to being absent, so you, the professor, and the instructional team can discuss and mitigate the impact of the absence on your attainment of course learning goals. Please inform the professor and instructional team if you are unable to attend class meetings because you are ill, in mindfulness of the health and safety of everyone in our community. If you are experiencing any [symptoms of COVID](#)

([https://www.cdc.gov/coronavirus/2019-ncov/symptoms\\_testing/symptoms.html](https://www.cdc.gov/coronavirus/2019-ncov/symptoms_testing/symptoms.html)) please seek medical attention from the Student Health and Wellness Center (940-565-2333 or [askSHWC@unt.edu](mailto:askSHWC@unt.edu)) or your health care provider PRIOR to coming to campus. UNT also requires you to contact the UNT COVID Team at [COVID@unt.edu](mailto:COVID@unt.edu) for guidance on actions to take due to symptoms, pending or positive test results, or potential exposure.

### *ADA Policy*

UNT makes reasonable academic accommodation for students with disabilities. Students seeking accommodation must first register with the Office of Disability Accommodation (ODA) to verify their eligibility. If a disability is verified, the ODA will provide a student with an accommodation letter to be delivered to faculty to begin a private discussion regarding one's specific course needs. Students may request accommodations at any time, however, ODA notices of accommodation should be provided as early as possible in the semester to avoid any delay in implementation. Note that students must obtain a new letter of accommodation for every semester and must meet with each faculty member prior to implementation in each class. For additional information see the ODA website (<https://disability.unt.edu/>).

### *Academic Integrity*

Academic Integrity Standards and Consequences. According to UNT Policy 06.003, Student Academic Integrity, academic dishonesty occurs when students engage in behaviors including, but not limited to cheating, fabrication, facilitating academic dishonesty, forgery, plagiarism, and sabotage. A finding of academic dishonesty may result in a range of academic penalties or sanctions ranging from admonition to expulsion from the University. Academic dishonesty will be penalized and will most likely result in a grade of "F" for this course.

### *Student Perceptions of Teaching*

Student feedback is important and an essential part of participation in this course. The student evaluation of instruction is a requirement for all organized classes at UNT. The survey will be made available during weeks 13, 14 and 15 of the long semesters to provide students with an opportunity to evaluate how this course is taught. Students will receive an email from "UNT SPOT Course Evaluations via IASystem Notification" ([no-reply@iasystem.org](mailto:no-reply@iasystem.org)) with the survey link. Students should look for the email in their UNT email inbox. Simply click on the link and complete the survey. Once students complete the survey they will receive a confirmation email that the survey has been submitted. For additional information, please visit the SPOT website (<http://spot.unt.edu/>) or email [spot@unt.edu](mailto:spot@unt.edu).

## Security Analysis Project

As a stock market analyst, you should recommend one stock to your investors. Write a 20 page (double space) report (not including tables or charts copied from other recourses) following the stock analysis template. You should also include any Excel spread sheets used in your analysis. **Each team (including every team member) will do a PowerPoint presentation on Zoom (about 30 minutes) on May 1st.** Canvas automatically create groups and assign a group leader. (You can change your group leader later and inform the instructor). Some guidelines:

- Each team member should contribute to and understand the whole project.
- The project should be presented in a professional way.
- The report should be assembled in a professional way.
- The written report, PowerPoint and Excel files should be emailed to the instructor by **April 29<sup>th</sup>**.
- **Peer evaluation:** You will also be evaluated by your group members based on your participation and contribution to the project.

### Framework of Security Analysis Project

Your group can choose one of the following stocks to analyze: Apple, Alphabet, Amazon, Alibaba, AT&T, Airbnb, Bank of America, Boeing, BYD, Chipotle, DocuSign, Fiverr, Ford, GM, Groupon, iRobot, iMax, JPMorgan, Lyft, Meta, Netflix, Nvidia, AMD, PayPal, Pfizer, Pinterest Roblox, Roku, Spotify, Shopify, Snap, Sofi, Stellantis, Teladoc, Tesla, Tencent, Uber, Verizon, and Zoom. You can also choose any stock that is not on the list.

I. Quick opinion. Summarize your analysis by simple numbers, including: Report Date, S&P value, Last Price (when the report is submitted), **Intrinsic Value**, Economic Moat, and Recommendations. Use the Morningstar style and put this session on the top your report.

II. **The Theme:** This part highlights **your** major insights into the company and its stock.

III. **Business Analysis:** When you buy stock of a company, essentially you are buying the business. Analyzing a stock starts with understanding its business.

- Profile of the company (in your own words)
- Macroeconomic and industry analysis
- Analysis of the company and the prospects of its major products and services.

IV. **Financial analysis:** Major financial statements and ratio analysis. More important is **forecasting the future**. More specifically, a projection of sales, margins (gross margin, operating margin, profit margin), profits and most important, earning per share (EPS) for the coming quarter and fiscal year end. It should also project growth rate of sales and earnings for next five years. Extensive use of spreadsheets is expected. Use historical data from Morningstar Direct in your analysis. From Morningstar Direct, you should be able to obtain historical moat rating, star rating, all historical financial statement data and data derived from financial statements. Try to project long term trend using those historical data.

V. **Stock Valuation:** Calculating the fair current value (**Intrinsic Value**) of the stock. In theory, fair value (also called intrinsic value) is what the stock price should be given the market is free from errors. It can be calculated in various ways, depending on what model you use. Commonly used models are P/E multiples, Dividend discount models and Free Cash Flow models. This analysis needs the help of analytical tools like Excel. Some reports also project expected stock price in one year.

**VI. Bulls vs. Bears:** There are always bull and bear views for any stock. That is why at any price, there are buying and selling orders—the two side of the same coin of a transaction. Try to see the arguments for two sides.

**VII. The moat:** You should also discuss the economic moat (a concept borrowed from Warren Buffet), which is the sustainable competitive advantage in the long term.

**VIII. Risk:** the risks of investing in the company

**IX. Investing strategy:** this is your action plan as an investor. Your strategy choices include buy, sell, hold, wait, avoid, short, etc...

**X. Notes:** A timely records of analysis of important events of the company and its stock

**XI. Reference:** You **MUST** cite **ALL** resources your analysis uses. ○ It is OK to use information from various resources. It is not acceptable not to cite them. Just listing several websites at the end is not the correct way of citation. Citation is always important for other investors to check your facts and numbers.

○ Whenever an external recourse is used, you should use footnotes like this: Recent Morningstar reports states that *“Unprecedented increases in commodity costs have put a strain on Kraft's profitability.”* 1 All cited information must be quoted using quotation marks and Italicize the text like the example. Each citation cannot be longer than three sentences.

○ You can use external resources for historical financial statement data, but projections for future performance and calculations of intrinsic values must be your own.

### **Analysis/Presentation Tips**

1. Do not just list facts, form opinions, especially opinions that are related to intrinsic value.
2. It is an investment analysis, not a business/strategy project.
3. Discuss your key valuation assumptions in your presentation (short term growth, long term growth rate, discount rate, etc..) and focus on key findings.

#### **Project midterm report:**

Submit a two pages report summarizing your progress and findings, including

- Stock choice, group names
- Your theme, in less than 100 words.
- Preliminary Business analysis and key findings
- Preliminary Financial analysis and key conclusions
- Fair value estimation

A team leader (or representative) will **present** (with PPT) your preliminary findings on **February 27th (Friday)**. The presentation is about 10 minutes. The report should be submitted by **February 22th (Monday)**.