

Georgia Institute of Technology
Scheller College of Business
Investments (MGT 6080)
Fall Semester

Instructor:

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Class Times: Thursday 6:30pm to 9:15pm
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Syllabus

Course Description

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.

Prerequisites

This is a highly quantitative and analytical course. Students are expected to be comfortable with basic finance concepts, probability, statistics, regression analysis, calculus, and Excel or other spreadsheet programming. The prerequisite for this course is MGT 6504 or its equivalent.

Course Layouts

This class is delivered in a virtual format. Lectures will be delivered via asynchronous videos at <http://canvas.gatech.edu/>. Students are expected to listen to the pre-recorded videos. Weekly announcements will be posted to remind students of what to do each week. Class meeting times will be spent mainly on doubt-clearing reviews, presentation, asking questions about course content discussed in lectures, working on problems or assignments together, and learning applications of the course materials, or performing empirical analyses, among others. The amount of time spent each week on course material should not be different than that for a traditional course. The Canvas calendar will also be updated with class meeting information and deadlines for assignments. Frequent feedback from students will be obtained and the course will be modified in response to student feedback.

Resources:

Course materials: Materials will be broken into modules and housed on Canvas. Lecture notes, lecture videos, homework, sample exam and additional readings will be posted on Canvas. Students are responsible for obtaining them.

Textbook: Investments by Bodie, Kane, and Marcus, 12th Ed, McGraw-Hill/Irwin

Simulation Portfolio: One of the course projects requires an account with StockTrack.com. It is a shared account with project team members and costs about \$12 per person.

In addition, it is strongly recommended to read the Wall Street Journal and Financial Times and to discuss financial events on a regular basis. Additional reading for class discussions will be posted on the course website during the semester. These will include articles from various academic and practitioner journals as well as case studies.

Student Effort: Students are expected to devote about 8 hours per week to completing the course requirements. This guideline encompasses all class activities, including course readings, attending class sessions, watching lecture videos, participating in office hours and forum discussions, completing assignments, and studying for exams. Students can spend as much time as necessary, but it is important to be careful not to fall behind.

Communication:

Important communication from your instructor will take place in Canvas or in the virtual sessions. You are expected to check Canvas for important course related materials. However, by carefully following the instructions, you can also ensure you do not miss important announcements.

Content questions or help requests: Please do not email your questions directly to the instructor email, especially for grades due to the data security policy set by the Institute. Course content questions can be answered through Canvas messages or discussion board.

Evaluation and Grading

Your course grade will be determined by the following scheme:

	Weighting Scheme
Exam I	20%
Exam II	20%
Homework	10%
Class Participation (Weekly Assignments)	15%
Stock Presentation	15%
Portfolio Final Report	20%
<u>Total</u>	<u>100%</u>

Exams and Homework

There will be two exams as scheduled in the Course outline. The second exams are not cumulative (i.e., the second exam only covers the new material covered after the first exam). No make-up exam (either earlier or later) will be provided. There is no exception to this rule to be fair to all students unless prior permission is given for a make-up. A score of zero will be assigned for each missed exam. There will be no final exam in the Final Exam Week. The investment portfolio report is the substitute for your final exam.

Homework assignments will be given based on the discussion in class. Solutions will be provided later. Keep in mind that exam questions are often related to the assigned quizzes or homework questions as well.

Re-grading Policy

Exams will not be handed back. Students will be allowed to see their exams during a coordinated meeting time with the professor or teaching assistant for two weeks after the exam date. After two weeks, students will no longer have access to the exam and there will be no modification to the exam grade. If you submit a request for re-grading your exams or homework, your entire exam will be re-graded. All grade appeals must be submitted within two weeks, explaining why you wish re-grading.

Class Participation

This course is designed for you to take significant responsibility for your own learning. Being able to express your understanding and critical thinking is important. Participation is based on course engagement in online submissions of assignments, homework, and presentations. During the virtual sessions, you will be called to share your reading about financial market events relevant to class topics or provide your summary of assigned lecture(s) and answers to online quiz questions related to the class topics.

Your attendance will be taken by asking you to answer questions or do empirical analyses. We collect your online submissions in the Assignments folder on your course site. Your submissions would help to evaluate your understanding of course materials as well as for instructors to answer questions from the Institute regarding your class participation. The due dates/times for assignment submissions are typically before the start of the upcoming session. The quiz problem sets are excellent practice for the exam.

Everyone gets up to three unexcused absences in mandatory sessions. Therefore, you do not need to submit your request to make your absence excused until you miss sessions three times. If you'd like to make your absence excused or request deadline extensions, you must submit a written document or an official letter for your excused absence from the Office of the Registrar as documentation of approval.

Stock Presentation (Team Project)

You can form a team (with up to 3 members), work together to create a short 5-minute video about your investment recommendations, and upload it to Canvas. A sign-up sheet for this project team will also be available on the course website.

Stock picking research is necessary for your presentations. If you choose to present a company stock, you are expected to briefly discuss the key reasons behind the recommendation such as business description, comparisons with competitors, overall market conditions, company events, risk involved, and your position (buy or sell), among others.

Investment Portfolio (Team Project)

You can form a team for this portfolio project with up to 3 members. Team members will work together to create and implement an investment portfolio. A sign-up sheet for this project team will also be available on the course website.

This investment project is an integral part of this course. The purpose is to provide you with an opportunity to engage in actual portfolio management activities. The project would serve as a useful way of applying concepts you learn during the course. The top team in terms of Sharpe ratio (as of Thursday November 14, the last day of trading) will get 1% extra credit toward the course grade.

The trading platform to be used is StockTrak. The link to register your team's account is here: <https://app.stocktrak.com/members/register?sessionid=342310>

Please create one login per team by August 30. You are expected to split the cost evenly between team members and share access to one account. If you cannot afford this cost, please let me know.

You begin with a balance of \$1,000,000 in a brokerage account. You can invest your portfolio in any stocks, bonds, and other financial assets you find most desirable. You are supposed to engage in at least one buy/sell transaction per week until one week before the second exam date; a passive strategy with no rebalancing is not acceptable.

All transactions made after August 30 must be documented with reasons behind trades and submitted in the week after the first exam. The final report should be submitted at the end of the semester (final instructional class days) and summarize the performance of the portfolio, including gains and losses after taxes from the resulting transactions.

The specific organization of the report should be as follows:

1. Introduction of the investment managers [team members]
2. Statement of your investment objectives
3. Specification of your risk tolerance and proportion of allocation across asset classes
4. Broad discussion of overall investment strategies pursued and implementation strategies.

5. Description and evaluation of main securities transacted. Highlight up to 10 positions with brief discussion. Give information about size, beta, prior stock price performance, profitability, and P/E ratios.
6. Application of some models (if any) or performance evaluation
7. Calculation of both before and after-tax returns for your portfolio

The report should be concise and to the point. This report should be about 3 pages long (excluding the appendix of figures and tables or cover page). The report should only include key items.

The entire process of decision making will serve as a useful way of seeing the practical dimension of the investment theory you learn in this class.

Peer Evaluation: At the conclusion of team projects, you will be asked to evaluate your team members. The assessment is confidential. The peer assessment component of your grade is incorporated into your project grades based on the scores you receive from your other group members.

Course Outline

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

Week 1 (August 21)

Topics: Introduction (Diagnostics), Course outline, Expectation, Logistics
 Reading: Chapter 1
 Deadlines: Diagnostics, Start-of-Semester Survey

Week 2 (August 28)

Topics: Overview of Financial Markets and their Mechanics
 Reading: Chapter 2 and 3
 Deadlines: Creating Simulation Portfolio Account by August 30

Week 3 (September 4)

Topics: Risk and Return, Asset Pricing, Present Value Formula
 Reading: Chapter 5, Handout
 Deadlines: Begin trading at least once by September 6

Week 4 (September 11)

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

Week 5 (September 18)

Topics: CAPM
 Reading: Chapter 7

Week 6 (September 25)

Topics: APT
Reading: Chapter 7

Week 7 (October 2)

Topics: Exam I
Deadlines: Survey for Early Course Feedback
Deadlines: Portfolio Transaction Record Submission Due Date: October 4

Week 8 (October 9)

Topics: Market Efficiency and Anomalies
Reading: Chapter 8

Week 9 (October 16)

Topics: Macroeconomic & Industry Analysis
Reading: Chapter 12

Week 10 (October 23)

Topics: Equity Valuation
Reading: Chapter 13
Deadlines: Investment Recommendation Submission Due date: October 24

Week 11 (October 30)

Topics: Fixed Income Securities I
Reading: Chapter 10

Week 12 (November 6)

Topics: Fixed Income Securities II
Reading: Chapter 11

Week 13 (November 13)

Topics: Exam II
Deadlines: End of Portfolio Simulation Trading on November 14

Week 14 (November 20)

Topics: Portfolio Performance Presentations
Deadlines: Portfolio Presentation Submission Due Date: November 20

Week 15 (December 4)

Topics: Final Exam Week (no class meeting)
Deadlines: Portfolio Final Report Submission Due Date: December 5

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.

Recording Class Sessions:

We do not plan to record the class meetings for this course, although the situation is dynamic, and this may change. In that case, our class sessions may be audio visually recorded for use by enrolled students. Class recordings, lectures, and other class presentations through video conferencing and other materials posted online on Canvas are for the sole purpose of educating the students enrolled in the course. Students may not record or share recordings, including screen capturing, unless the instructor states or individual permission is obtained. Exams and tests may require students to engage the video camera, but those recordings will not be shared with or disclosed to others without consent unless legally permitted. Additional information may be found at <https://provost.gatech.edu/academic-restart-frequently-asked-questions>.

For classes where participation is voluntary, students who participate with their camera engaged or utilize a profile image agree to have their video or image recorded. For classes requiring class participation, if students are identifiable by their names, facial images, voices, and/or comments, written consent must be obtained before sharing the recording with people outside of the class.

AI Policy

AI tools like large language models (e.g., ChatGPT) can significantly increase our productivity and enhance our learning experience. Reliance on LLMs can also hinder knowledge acquisition if used to complete assignments without critically thinking about their output. In this class, you are not allowed to use LLMs to complete the homework assignments or produce case write-ups. This will not improve your understanding of the material. You are allowed to use LLMs to learn about class concepts, test your ideas, and revise your writing. If you feel there are other potentially valuable use cases, please let me know.

Statement of Intent for Classroom Inclusivity:

As a member of the Georgia Tech community, I am committed to creating a learning environment in which all my students feel safe and included. Because we are individuals with varying needs, I am reliant on your feedback to achieve this goal. To that end, I invite you to enter dialogue with me about the things I can stop, start, and continue doing to make my classroom an environment in which every student feels valued and can engage actively in our learning community.