FI 8000 - Valuation of Financial Assets
D2L ONLINE CLASS SYLLABUS
CRN: 16537
Wednesday (4:30 to 7:00 pm)
Spring 2016

INSTRUCTOR INFORMATION:
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Office Hours: Fridays – 1:00 pm to 2:30 pm or by appointment

PRE/CO-REQUISITES:
MBA 8130 or MBA 8230 or MBA 8135 or MBA 8622 (One of these courses must have been taken prior to, or concurrent with, this class – if you do not have the

COURSE OBJECTIVES:
FI 8000 serves as the foundation course for the graduate finance program at Georgia State University. Valuation of Financial Assets is designed to provide all graduate finance students with a common set of knowledge and skills that will be used as a foundation on which future finance courses will build.

This course will explore in detail the concept of valuation. We will consider theories of valuation and their application to various types of securities, including bonds, equities, futures, and options. By the end of the course, you will have developed a good foundation for future coursework that incorporates a solid understanding of concepts such as arbitrage, foreign exchange, portfolios, interest rates, risk and return, and market efficiency.

CLASS MATERIALS:
Main Course Textbook:
ISBN: 0073530719 or 9780073530710
- Note that there is a 2014 edition of this book, but I recommend that you save money and buy this edition instead. Buy the cheapest version that you can get. I have seen used copies of this edition of the book online for as little as $50.
- This book is mainly for reference purposes. Any basic Investments textbook will suffice in this class. The main purpose of this book is to help you understand the fundamentals
of investments, securities, and markets. I recommend this particular book because it is well written and it addresses all of the major topics that we cover in this class.

**Other Class Reading Materials:** All other reading materials will be provided (free of charge) via D2L (almost always posted in PDF format) or via links that will be provided.

**StockTrak Registration:** About three weeks into the semester, you will form groups (of about 4 persons per group) to participate in a stock simulation trading game. For the game, each group will receive $500,000 in a virtual brokerage account. You use this virtual cash to manage a portfolio for the duration of the class with the StockTrak ([http://www.stocktrak.com/](http://www.stocktrak.com/)) simulation game. Groups will compete with one another to trade stocks, options, futures, bonds, and currencies from 50 global exchanges. The cost of the game is $31.95 per group (so, about $8 per person).

Please note that many of the readings in this class are journal articles (mostly from academic/professional journals) that will require diligence to fully understand (the textbook will provide valuable background information and hence you will find the book to be very useful). Most articles will require a second (or perhaps third) reading. This is a graduate level course and by the end of this course, I fully expect you to be able to find, read and understand academic articles published in professional journals. Most business executives read these journals. Additionally, advanced finance electives will assume that you are capable of effectively using these valuable sources.

**Calculator:** All business people should have and be proficient at using a financial calculator (one in which you can quickly calculate bond prices and yields, present values, etc.). The calculator you used in MBA 8135 is sufficient for all finance classes that you might ever take. Bring your calculator to every online chat session.

**RecommendedMaterials:** I **STRONGLY** recommend that you subscribe to the Wall Street Journal during the semester. You can subscribe to the WSJ (print, online and full digital access) for an amazingly low price of $15 for the next 15 weeks (basically, the entire length of the semester) via the following link:


If you get into the habit of reading the WSJ for 30 – 45 minutes every day, I guarantee that you will learn as much (and most likely more) about the world of economics and finance in your daily readings than you will learn in any class. The WSJ is the best source of business, economics and finance information available and the articles are easy to read, timely nearly always very interesting.

If you do choose to sign up for the WSJ, be sure to put the school and professor name (Richard Fendler). When students sign up for the WSJ, it encourages them to continue to offer this great rate to us for future students.
EXPECTATIONS and GRADED EVENTS:
I expect you will attend the weekly online chat sessions throughout the entire semester. The sessions will be recorded so that you will be able to re-view them at a later time, but attendance during live sessions is the BEST way to learn in an online class. If you attend, you can ask questions. My lectures will be flexible so questions often guide the discussion. Also, studies show that active attendance in a chat leads to greater understanding, learning and recall than passive after the fact viewing.

During chats I will both lecture and demonstrate how to set up and solve problems. It is in your best interest to have read the appropriate text material before the class in which the topic is discussed. You may ask questions about readings or other items and/or new events anytime during a chat session.

In addition, you are expected to keep up with practice problems (those written and posted by me) on a regular basis. To help solidify your mastery, there will be 2 takehome problem sets (THPS) and nearly weekly online quizzes during the semester. Your average quiz grade will count (weight wise) as one problem set. The average of the 2 problem sets and the quiz average (as equivalent to one problem set) will be your Problem Sets and Quizzes grade for the class.

Exams will consists of questions and problems similar to those on problem sets and quizzes.
There is a group research project in this class – details about the project will be discussed in the first chat session of the class.

There will also be a competitive stock trading game in the course. You may play the game alone or with other members in the class. You will manage a (fake) portfolio via a free online trading program. The goal, as in the real world, will be to make more money than anyone else in the class. Grades on the game, just like in the real world, will be based on performance only. If you come in first place, you get the best grade in the class and if you come in last place, you will receive the lowest grade in the class.

Interaction in an online class is best achieved via Bulletin Board posts and replies. You will be required to post replies to questions that I post by midnight on the Sunday of each week for which a Bulletin Board post is required and reply to at least 2 other student initial posts by Tuesday at midnight of each week. I will discuss this event and requirement in detail on the first night of class.

Finally, you will write two or three 3-4 page research papers during the term. These papers will require you to find and read at least two scholarly sources and then to use these sources to support and defend a specific position you will be required to take on a particular topic. Specific details concerning this aspect of the course will be discussed during the first chat session.

Finance is a quantitative subject that cannot be learned passively; mastery only comes with ample practice outside of class. In addition, working knowledge of computer applications is absolutely
essential for survival in the modern business world, and I will assume that you already have some familiarity with key applications (Excel spreadsheets, word processing, and the Internet).

ASSIGNMENTS AND GRADING:
Your course grade will be determined by your overall score from the following components:

- Exam One: 30%
- Final Exam: 45%
- Problem Sets and Quizzes: 10%
- Group Project*: 5%
- DB Participation and Research Papers*: 5%
- VSE Game Participation: 5%

*The maximum possible grade on the Group Project paper and on the DB Participation and Research Papers items is 90. I will explain the purpose of this policy during the first chat session.

Final letter grades will use the plus/minus grade system. In accordance with Department of Finance policy for masters level courses, it is expected that no more than 35 percent of students in a given class will receive a grade of A- or A (no grades of A+ are given). Most of the remaining students (about 50 percent) are expected to receive grades of B+, B, or B-. Those students who demonstrate significantly lagging performance will receive grades of C+ or lower, as deemed appropriate.

No make-up exams or quizzes will be given—no exceptions. All students must take the final exam. If you miss an exam (and if I give permission to allow this event), the weight of the missed exam will be added to the comprehensive final exam.

All evaluation aspects of the class will be described in detail in the first chat session of the term.

OFFICE HOURS:
I will be on campus most Fridays from 1:00 to 2:30 pm. While you are welcome to drop by without an appointment, I recommend that you call or e-mail first to verify that I am available. Also, feel free to contact me if you would like to schedule an appointment at a mutually convenient time. I can meet with you either on campus or off most any day or time of the week.

ADMINISTRATIVE POLICIES:
Attendance: Although attendance is not required in chats, failure to participate in Discussion Boards, submit completed assignments by the due date, actively contribute to your group, make required trades in the online trading games, and/or not responding to my emails is grounds for being withdrawn from the course for the semester with a grade of “WF.” No incomplete grades will be given.
Withdrawal: See the term academic calendar for the last day to withdraw and possibly receive a “W” grade. It is your responsibility to know and keep track of this date. Note that a “W” is not automatic. In general, a “WF” grade indicates “that the student withdrew from the course while doing failing work, did not withdraw from a course before the midpoint of the total grading period (except in cases where hardship status has been determined), or was withdrawn by the student’s professor for excessive absences.”

Academic Honesty: The Department of Finance adheres to the University’s policy on academic honesty as contained in the “Academic Regulations” section of the University Catalog. The section contains some examples of unacceptable conduct including plagiarism, cheating on examinations of quizzes, unauthorized collaboration, etc. These rules will be specifically applied to all writing activities in this course. Be sure to properly cite all sources used in all assignments for this class.

Announcements: You are responsible for knowledge of any administrative announcements made during chat sessions, regardless of whether or not you were in attendance.

Classroom Etiquette: Proper etiquette dictates respect for all others in the online chat room and proper language in all Discussion Board postings and responses. I will discuss chat and online etiquette in the first chat session.