



# THE OHIO STATE UNIVERSITY

---

## FISHER COLLEGE OF BUSINESS

### Honors Investments Busfin 4221H Spring 2020 Course Description and Syllabus

**Instructor:** Matt Sheridan, CFA, CAIA

**Lecture:** Tuesday Thursday 11:10 a.m. – 12:30 p.m. Gerlach Hall 210

**Office Hours:** Fridays 1-3 p.m.

**Office:** 306 Fisher Hall **Email:** sheridan.146@osu.edu

**Course Twitter Username/Handle:** @Sheridanfinance

**Course Description:**

This course is designed to teach the principles of financial decision making and the investment process. The course will cover current market moving events, multiple asset classes, asset allocation, diversification, security valuation, key player types, efficient market hypothesis, adaptive market hypothesis, behavioral finance, pricing models, active investment management, investment funds, and financial regulation.

Prerequisites: Business Finance 3220, Statistical Techniques 2320, Business Analytics 2321

**Text and Materials (Required):**

*Essentials of Investments*, 11<sup>th</sup> edition, by Bodie, Kane, and Marcus. You can choose to rent or purchase the text materials in a digital or print format. Instructions on how to access the discounted digital rental option is posted on Carmen.

The Wall Street Journal – Use the following link to subscribe: <https://r.wsj.com/PROFctgm>

Additional Course Materials will be posted on Carmen

**Suggested Reading:**

Financial Times, Economist, and Bloomberg.com

**Course Schedule:**

The following schedule is tentative and subject to change based on how the class progresses.

Week	Topics	Readings & Deliverables
1	Intro to Investments & Investing Ethics Current State of the Global Financial Markets Wall Street & Monetary Policy	Chapter 1 CFA Institute: Standards of Practice Handbook
2	Asset Classes Types of Financial Instruments	Chapter 2
3	Historical Asset Class Returns Financial Bubbles	Listed on Carmen Q1 Due 1/26 at 11 p.m.

4	Securities Markets ETFs & Mutual Funds Active VS. Passive Management Investment Advice Legal Requirements: Suitability VS. Fiduciary Rise of Robo Advisers	Chapters 3 & 4
5	Risk and Return Asset Allocation & Portfolio Construction Investment Policy Statement	Chapters 5 & 6 Q2 Due 2/9 at 11 p.m.
6	Pricing Models CAPM, APT, & Multifactor Models	Chapter 7
7	Efficient Market Hypothesis Irrational Exuberance	Chapter 8 Q3 Due 2/23 at 11 p.m.
8	Adaptive Market Hypothesis Midterm 2/27	Listed on Carmen
9	Macroeconomics Top Down Macro Analysis	Chapter 12 Q4 Due 3/8 at 11 p.m.
10	Equity Valuation Models: DDM, DCF, RV, Sum of the Parts, Residual Value	Chapter 13
11	Fixed Income Overview Corporate Bond Characteristics Bond Pricing & Yields Term Structure of Interest Rates	Chapter 10 & 11 Top Down Investing Project Due 3/24 Q5 Due 3/29 at 11 p.m.
12	Structured Products (MBS, ABS, CMBS) Interest Rate Swaps Credit Default Swaps	Listed on Carmen
13	Option Strategies Option Pricing Futures & Forwards	Chapter 15 & 17 Stock Trading/PM Project Due 4/9 Q6 Due 4/12 at 11 p.m.
14	International Investing Evaluation of Personal Behavioral Investing Biases	Chapter 19
<b>Final Exam based on University Schedule: <a href="https://registrar.osu.edu/scheduling/finals/finals.asp">https://registrar.osu.edu/scheduling/finals/finals.asp</a></b>		

**Class Format:**

This class meets twice per week. I will follow the flow of topics and concepts in the book selectively. The course will heavily rely on current market moving news and events. During lectures you will be exposed to Bloomberg, which is the most powerful investor tool in the world. Regular class attendance is expected since material will be covered that is not in the text book. Please feel free to ask questions during lecture. Lecture notes will be on Carmen at least 24 hours in advance of class. I will also use Carmen to distribute emails to the class and post supplemental information.

**Grading:**

Quizzes	10%
Top Down Investing Project	15%
Stock Trading – Paper Portfolio Project	25%
Mid-term Exam	25%
Final	25%

Please note:

- No extra credit will be offered
- Grades will be determined at the end of the term. Any curve, if there is one, is set at that time.
- Grades will not be changed except for a mathematical errors.

**Graded Deliverable Type:**

**Independent Work:** All assignments and exams are strictly non-collaborative, original individual work. Discussions with instructor only. No use of Email, Texting, GroupMe, Google Groups or Hangouts, WeChat, LinkedIn, Facebook Messenger, WhatsApp, Slack, or other forums.

**Class Participation:**

Regular in-class contribution is required and is an important part of our shared pedagogical experience. Your active participation in discussing current financial market events, course topics, and case studies helps me to evaluate your overall performance as a student. Positive contributions are those that advance the discussion by presenting new ideas, building on other student's comments, or providing forward looking views on financial markets that is supported by market data.

**End of Chapter Problems:**

Solving end of chapter problems is essential for success in this class. For each chapter I will post a recommended list of problems. These problems are representative of what you might see on an exam or quiz, but it is not an exhaustive list.

**Quizzes:**

There will be 6 quizzes but only 5 will be used in your final grade. You may drop your lowest quiz score. The quizzes can be found under the Quizzes tab in Carmen. Please note the due date and time for each quiz. You will have two hours to complete each quiz. You will only receive credit for answers that are submitted by the deadline. No quiz extensions or make-ups will be offered.

**Project Overviews:**

In-depth project instructions will be posted on Carmen.

*Stock Trading/ Portfolio Management Project:* This semester long project will tie lecture theory with dynamic hands on practice.

*Top-Down Investing Project:* Based on current financial market conditions, you will conduct a top down analysis starting with the global macroeconomic view and ending with an investment recommendation. This project will require analysis of recent market data from a Bloomberg Terminal.

**Midterm Exam and Final:**

All exams are classified as individual work and the use of any outside material (e.g., book, notes, internet connected devices, ect.) is strictly prohibited.

Only two calculator models are authorized for use during exams:

- Texas Instruments BA II Plus (including BA II Plus Professional)
- Hewlett Packard 12C (including the HP 12C Platinum, 12C Platinum 25th anniversary edition, 12C 30th anniversary edition, and HP 12C Prestige)

Missed exams can only be made-up in extreme cases (e.g., death of family member, personal hospitalization, etc.) with proper documentation (e.g., Emergency Room paperwork, obituary, etc.). Each decision of potentially allowing a make-up exam is made by the instructor on a case-by-case basis. Additionally, you **MUST** contact the instructor via email (Sheridan.146@osu.edu) if you are experiencing an extreme situation or emergency ASAP. Alternative methods (e.g., oral exam, essay) of testing may be used for make-up exams.

Final Exam time and date are set by OSU's official final exam schedule. The schedule can be found at: <https://registrar.osu.edu/scheduling/finals/finals.asp>

**Note that final exams must take place during official College exam periods, and not during the last week of regular coursework. No requests to take exams early/late or with a different course section will be granted.**

**Academic Conduct:**

Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. Thus, The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the University's *Code of Student Conduct*, and that all students will complete all academic and scholarly assignments with fairness and honesty. Students must recognize that failure to follow the rules and guidelines established in the university's *Code of Student Conduct* and [this syllabus](#) may constitute "academic misconduct."

The Ohio State University's *Code of Student Conduct* (Section 3335-23-04) defines academic misconduct as: "Any activity that tends to compromise the academic integrity of the University, or subvert the educational process." Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, submitting the same or similar work for credit in more than one class, and possession of unauthorized materials during an examination. Ignorance of the University's *Code of Student Conduct* is never considered an "excuse" for academic misconduct, so I recommend that you review the *Code of Student Conduct* and, specifically, the sections dealing with academic misconduct.

If a student is suspected of, or reported to have committed academic misconduct in this course, I am obligated by University Rules to report my suspicions to COAM. If you have any questions about the above policy or what constitutes academic misconduct in this course, please contact me. See OSU Prohibited Conduct – [Section 3335-23-04\(A\)](#)

**Disability Services:**

Students with disabilities by the OSU Student Life Disability Services (SLDS) will be appropriately accommodated and should inform the instructor as soon as possible of their needs. The Office for Student Life Disability Services is located in 098 Baker Hall, 113 W. 12th Ave. 614-292-3307; <https://slds.osu.edu/>

**Mental Health:**

Students may experience a range of issues that can create barriers to learning, such as strained relationships, increased anxiety, alcohol/drug problems, feeling down, difficulty concentrating and/or lack of motivation. These mental health concerns or stressful events may lead to diminished academic performance or reduce the ability to participate in daily activities. The Ohio State University offers services to assist you with addressing these and other concerns you may be experiencing. If a student is suffering from any of the aforementioned conditions, there is a broad range of confidential mental health services available on campus via the Office of Student Life Counseling and Consultation Services (CCS) by visiting [ccs.osu.edu](https://ccs.osu.edu) or calling 614-292-5766. CCS is located on the 4th Floor of the Younkin Success Center and 1030 Lincoln Tower, Cannon Drive. 24-hour emergency help is also available through the National 24/7 Prevention Hotline at 1-800-273-TALK or at [suicidepreventionlifeline.org](https://suicidepreventionlifeline.org)

**Disenrollment:**

Any student who fails to attend without giving prior notification to the instructor will be dis-enrolled after the third instructional day of the term, the first Friday of the term, or the second scheduled class meeting of the course, whichever occurs first, per OSU attendance policy.

**Workload Expectation:**

The University and College expectation is that students spend two hours outside of class for every hour spent in class. Since this course meets 3 hours per week, you should expect to spend 6 hours per week outside of class on course-related work.

## **Appendix A: Sheridan's Recommended Readings**

### **Sheridan's Hall of Fame of Investment Books**

*Security Analysis*, Graham & Dodd  
*Fixed Income Analysis*, Frank Fabozzi  
*The Intelligent Investor*, Benjamin Graham  
*The Most Important Thing*, Howard Marks  
*Margin of Safety*, Seth Klarman  
*Irrational Exuberance*, Robert Shiller  
*Liars Poker*, Michael Lewis  
*Against the Gods*, Peter Bernstein  
*Alpha Masters*, Maneet Ahuja  
*The Alchemists*, Neil Irwin  
*When Genius Failed*, Roger Lowenstein  
*The New Market Wizards*, Jack D. Schwager  
*Too Big to Fail*, Andrew Ross Sorkin  
*The Big Short*, Michael Lewis  
*The Predators' Ball*, Connie Buck  
*A Random Walk Down Wall Street*, Burton Malkiel  
*Fooled by Randomness*, Nassim Nicholas Taleb  
*Stocks for the Long Run*, Jeremy Siegel  
*Thinking, Fast and Slow*, Daniel Kahneman

### **Books by Topic**

#### **General Investing/Economic/Academic**

*The Intelligent Investor*, Benjamin Graham  
*The Most Important Thing*, Howard Marks  
*Margin of Safety*, Seth Klarman  
*Irrational Exuberance*, Robert Shiller  
*Stocks for the Long Run*, Jeremy Siegel  
*A Random Walk Down Wall Street*, Burton Malkiel  
*Fooled by Randomness*, Nassim Nicholas Taleb  
*The Black Swan*, Nassim Nicholas Taleb  
*Thinking, Fast and Slow*, Daniel Kahneman  
*The Little Book of Common Sense Investing*, John Bogle  
*One Up on Wall Street*, Peter Lynch  
*Beating the Street*, Peter Lynch  
*The Index Revolution*, Charlie Ellis  
Buffett, Roger Lowenstein  
Poor Charlie's Almanac, Charles Munger  
*Adaptive Markets*, Andrew Lo  
*Misbehaving*, Richard Thaler  
*The Alchemists*, Neil Irwin  
*Common Stocks and Uncommon Profits*, Philip Fisher  
*Think Twice*, Michael Mauboussin  
*Mastering the Market Cycle*, Howard Marks

## Wall Street Culture & History

*Liars Poker*, Michael Lewis  
*Too Big to Fail*, Andrew Ross Sorkin  
After the Music Stopped, Alan Blinder  
*The Big Short*, Michael Lewis  
*The Predators' Ball*, Connie Buck  
*Young Money*, Kevin Roose  
*Other People's Money*, John Kay  
*A History of the United States in Five Crashes*, Scott Nations  
America's Bank, Roger Lowenstein  
*Flash Boys*, Michael Lewis  
*Barbarians at the Gate*, Brian Burrough & John Helyar  
*Billion Dollar Whale*, Tom Wright & Bradley Hope

## Hedge Funds

*When Genius Failed*, Roger Lowenstein  
*A Man for all Markets*, Edward Thorp  
*More Money than God*, Sebastian Mallaby  
*Alpha Masters*, Maneet Ahuja  
*Black Edge*, Sheelah Kolhatkar  
*The Man Who Solved the Market*, Gregory Zuckerman  
*The New Market Wizards*, Jack D. Schwager  
*No Bull*, Michael Steinhardt  
*When the Wolves Bite*, Scott Wapner  
*A Tiger in the Land of Bulls and Bears*, Julian Robertson  
*Principles*, Ray Dalio  
*Hedge Fund Market Wizards*, Jack Schwager  
*Fooling Some of the People All of the Time*, David Einhorn  
*The Alchemy of Finance*, George Soros  
*The Quants*, Scott Patterson

## Investing Foundations and Valuation

*Security Analysis*, Graham & Dodd  
*Fixed Income Analysis*, Frank Fabozzi  
*Narrative and Numbers*, Aswath Damodaran  
*The Little Book of Valuation*, Aswath Damodaran

## Non-Investing Books (that cover various investing themes)

*Factfulness*, Hans Rosling  
*The Art of Learning*, Josh Waitzkin  
*Thinking in Bets*, Annie Duke  
*The Outsiders*, William Thorndike, Jr.  
*Sapiens: A Brief History of Humankind*, Yuval Noah Harari  
*Rise of the Robots*, Martin Ford  
*The Signal and the Noise*, Nate Silver  
*Are You Ready to Succeed?*, Srikumar Rao (helpful book to examine and evaluate the mental models you have created to interpret the world)

## **Appendix B: Suggested Investing Related Podcasts**

### **Masters in Business with Barry Ritholtz**

Fama & Booth	11/8/2019	Aswath Damodaran	10/28/2016
Josh Wolfe	8/16/2019	William McNabb	10/21/2016
Bethany McLean	12/13/2018	Michael Mauboussin	8/12/2016
Ray Dalio	11/30/2018	Daniel Kahneman	8/4/2016
Howard Marks	10/4/2018	Jack Schwager	6/22/2016
Leon Cooperman	8/10/2018	Jack Bogel	3/11/2016
Robert Arnott	7/26/2018	Mohamed El-Erian	2/13/2016
Ed Yardeni	5/23/2018	Roger Lowenstein	12/5/2015
James Chanos	5/11/2018	Ken Fisher	11/30/2015
Joel Greenblatt	4/20/2018	Mario Gabelli	10/30/2015
Ray Dalio	12/7/2017	Jeremy Siegel	10/18/2015
Katie Stockton	9/8/2017	Jason Zweig	9/11/2015
Richard Clarida	8/3/2017	Nate Silver	8/21/2015
Ed Thorp	7/14/2017	Howard Marks	7/19/2015
William Sharpe	6/2/2017	Richard Thaler	6/14/2015
Andrew Lo	4/21/2017	Scott Galloway	6/5/2015
Charles Ellis	4/13/2017	David Booth	5/22/2015
Burt Malkiel	3/31/2017	Cliff Asness	2/21/2015
Bill Miller	11/4/2016		

### **The Knowledge Project – Shane Parrish**

Winning the Great Game (Part 1 & 2): Adam Robinson  
Getting Better by Being Wrong: Annie Duke  
Life Lessons from a Self-Made Billionaire: Ray Dalio  
A Decision Making Jedi & When to Trust Your Gut: Michael Mauboussin  
Elevate Your Financial IQ: Jason Zweig

### **The Tim Ferriss Show**

Howard Marks  
Ray Dalio  
Hedge Funds, Investing, and Optimizing Lifestyle: Mark Hart & Raoul Pal  
Becoming the Best Version of You: Josh Waitzkin, Adam Robinson, & Ramit Sethi

### **Other Investment Related Podcast Suggestions**

NPR Planet Money  
NPR The Indicator from Planet Money  
The Meb Faber show  
The Curious Investor by AQR Capital Management, LLC  
Animal Spirits – Michael Batnick and Ben Carlson  
Invest Like the Best – Patrick O'Shaughnessy  
Naval Podcast