



# Rotman Commerce UNIVERSITY OF TORONTO

## Course Outline

### RSM 330 H1 F

Investments

Fall 2018

Course Meets: L0101 – Thursdays, 10am to noon in WO25  
L0201 – Thursdays, noon to 2pm in WO25  
L0301 – Thursdays, 4pm - 6pm in WO25  
L0401 – Fridays, 9am to 11am in WO35  
L0501 – Fridays, 11am to 1pm in WO35

---

Instructor: Dana Boyko. RT 434 (105 St. George Street – North Building)  
E-Mail: [Dana.Boyko@rotman.utoronto.ca](mailto:Dana.Boyko@rotman.utoronto.ca)  
Webpage: <http://portal.utoronto.ca>  
Phone: 416-946-5795  
Fax: 416-971-3048  
Office Hours: Tuesdays 2:30 - 4:00 pm, RT 434 or by appointment.

### Course Scope and Mission

This course covers key aspects of the investment process: security analysis, portfolio management strategies, asset allocation, investment policy, and assessing investment performance. An understanding of these topics will be useful for students pursuing a career in finance as well as for those wishing to manage their own investments. Topics covered include: risk/return, market efficiency and anomalies, fundamental and technical analysis. We will discuss theories and analytical tools used to evaluate stocks/bonds and to make investment decisions. Students will have an opportunity to put course concepts into practice using resources available in the Rotman Financial Research and Training Lab and will manage a virtual portfolio using Rotman Portfolio Manager.

### Course Prerequisites

#### **Prerequisite:**

**RSM230H1, RSM332H1**

#### **Corequisite:**

**ECO220Y1/ECO227Y1/(STA220H1, STA255H1)/(STA257H1, STA261H1)**

*If you drop ECO220Y1/ECO227Y1/(STA220H1, STA255H1)/(STA257H1, STA261H1) during the academic term, you must also drop this course. Contact Rotman Commerce Academic Program Services for academic advising if needed.*

#### **Exclusion:**

**ACT349H1**

## Required Readings

- **Textbook:** Z. Bodie, A. Kane, A. Markus, S. Perrakis, and P. Ryan. *Investments*, McGraw-Hill Ryerson, 8<sup>th</sup> Canadian Edition, 2015.
- **Other required readings:** A selection of other required and optional readings related to topics covered in class will be posted throughout the semester on Quercus. <http://q.utoronto.ca>
- **Case studies** are available for purchase in a digital coursepack for \$12.75. Please see Quercus for instructions on how to purchase the coursepack.

**All students are required to read the business section of the Globe and Mail or the National Post on a daily basis and be prepared to discuss recent financial news.**

**Class Notes:** The slides that we use for our discussions in class will be posted on Quercus.

### **Supplementary Text:**

Booth, Cleary, and Rakita, *Introduction to Corporate Finance* (4<sup>th</sup> ed. 2016). This is also the textbook for RSM332.

## Evaluation and Grades

Grades are a measure of the performance of a student in individual courses. Each student shall be judged on the basis of how well he or she has command of the course materials. Exams will test comprehension and not merely students' memorization skills. We will have two group homework assignments, a group project, a mid-term exam, and a final exam. The course grade will be computed as follows:

<u>Work</u>		<u>Due Date</u>
Group Assignment #1	7.5%	October 3, 2018
Mid-Term Exam *	25%	October 11, 2018
Group Assignment #2	7.5%	November 12, 2018
Group Project	10%	November 30, 2018 at 4:00 pm
Final Exam	50%	During Faculty of Arts & Science Final Examination period

\* *The mid-term exam is a 90-minute required test that will take place on October 11<sup>th</sup>. **There will be no make-up mid-term exam under any circumstances.***

Before the November 5 drop date, marks for the mid-term exam and one homework assignment will be posted.

The final exam will be *comprehensive*, covering all material covered in the course.

You are expected to work on your project and assignments in groups of five students. **No individual assignments or projects will be accepted.** You are responsible for forming or joining a group before September 21 at noon and for signing up your group members on Quercus. You may form a group with students in any section of the course.

## **Homework Assignments**

There will be two group homework assignments which require you to apply techniques discussed in class to actual data (using Excel, the Rotman Finance Lab, and various online sources of financial information).

Only one copy of the write-up should be submitted from each group. Every member of the group will receive the same mark on the assignment and project. Please use the Rotman Commerce cover sheet.

Please do not submit unedited computer outputs. Instead, present carefully-edited results. Clarity, conciseness, and good organization in presenting your analysis and conclusions will be rewarded. All assignments must be typed and securely stapled.

## **Project**

The objective of the project is for students to obtain hands-on experience in applying concepts learned in this course to the management of a portfolio. Students will use the resources of the Rotman Financial Research and Trading Lab, as well as other sources of information, to research and implement investment strategies, and report on their results. Further information about the project will be provided in class and posted on Quercus.

## **COURSE FORMAT AND EXPECTATIONS**

Please note that clear, concise, and correct writing will be considered in the evaluation of your group project. That is, you may lose points for writing that impedes communication: poor organization, weak paragraph development, excessive wordiness, hard-to-follow sentence structure, spelling mistakes and grammatical errors. Students who require additional support and/or tutoring with respect to their writing skills are encouraged to visit the Academic Success Centre (<http://www.studentlife.utoronto.ca/asc>) or one of the College Writing Centres ([www.writing.utoronto.ca/writing-centres](http://www.writing.utoronto.ca/writing-centres)). These centres are teaching facilities – not editing services, where trained staff can assist students in developing their academic writing skills. There is no charge for the instruction and support.

The portfolio management project requires students to work in teams of 4 or 5 students. Learning to work together in teams is an important aspect of your education and preparation for your future careers. That said, project-based teamwork is often new to students; to work well in teams, it helps to follow a set of core expectations to best succeed at your team projects.

1. Read the document entitled, “Working in Teams: Guidelines for Rotman Commerce Students” which is available on the RC portal under the Academic Services tab.

2. When working in a team, Rotman Commerce students are expected to:

- Treat other members with courtesy and respect;
- Honour the ground rules established by the team;
- Contribute substantially and proportionally to the final project;
- Ensure enough familiarity with the entire contents of the group project/assignment so as to be able to sign off on it as original work;
- Meet the project timeline as established by the team.

3. Resolving conflicts:

Conflicts are part of the team’s process of learning how to work together. When handled well, it can generate creativity and bring-multiple perspectives to the solution.

Student teams are expected to work through their misunderstandings as soon as they arise (and prior to submission of the final project). When teams are unable to arrive at a solution that works for all members, the team must meet with the Rotman Commerce Team Coach\*\* as soon as possible. The Coach will listen to the team and help develop options for improving the team process. All members of the project team must commit to, and, utilize their action plans.

\*\*For an appointment with a Rotman Commerce Team Coach, please contact Nouman Ashraf at [nouman.ashraf@rotman.utoronto.ca](mailto:nouman.ashraf@rotman.utoronto.ca) Nouman is highly skilled at facilitating team dynamics and collaboration. Note that the Team Coach's role is to provide guidance, support and advice on team matters – not to formally evaluate or assess teamwork for academic purposes.

### **Electronic Course Materials**

This course will be using the following electronic course materials:

Case Studies – available for download for \$12.75

Rotman Portfolio Manager (RPM) software – one account per group (\$35/account)

The use of these materials complies with all University of Toronto policies which govern fees for course materials.

## Weekly Schedule

Session	Date	Topic	Readings
1	Sep 6,7	Overview of the course; Asset classes, exchange-traded funds, and markets  <b>Form groups of 5 for your project</b>	Class Note 1 Bodie: Ch 1; Ch. 2.1-2.4; Ch. 3.2-3.5 (Review); Ch. 23.1-23.7 Instructions – Portfolio Management Project ETF articles – see Quercus for links
2	Sep 13, 14	Investment Strategies and styles <i>Demonstration of RPM and Capital IQ</i> <b>Open your RPM accounts</b>	Class Note 2 Bodie: Ch. 15.5-15.7 RPM Quick Start Guide for Students RPM Advanced Guide for Students Articles posted on Quercus
3	Sep 20, 21	Market Reaction to Economic News Asset Allocation & Optimal Portfolios <b>One-page Fund Proposal due Sep 25 at 4pm</b> <b>Assignment 1 posted</b>	Class Note 3 Asset Allocation review video Bodie: Ch. 4.1-4.8; 5.1-5.6 (RSM332 review) Bodie: Ch. 6.1-6.5; 10.1; 24.1-24.2, 24.4 Exchange Rate Note Value Investing and Human Behaviour
4	Sep 27, 28	Asset Allocation & Investment Policies <b>RPM Practice Period Ends Sept 28</b>	Class Note 4 Bodie: Ch. 22.1, 22.2 & 22.4, Appendix 23B <b>Case Discussion: Partners Healthcare</b>
5	Oct 5,6	CAPM & Multi-Factor Models <b>Assignment 1 is due Oct 3 at 4pm</b>	Class Note 5 Bodie: Ch. 7; Ch. 8.1-8.4; Ch. 11.4-11.5
6	October 11	<b>Mid-Term Exam 9:00-10:30 EX100</b> No regular class this week	Closed book exam, non-programmable calculator allowed. (A formula sheet will be provided by the Instructor.)
7	Oct 18, 19	Fundamental Analysis of Equities Equity Valuation <b>Assignment 2 posted</b>	Class Note 7 Bodie: Ch. 16; Ch. 17.2-17.4 “Practical Tools for Analyzing Value Stocks” “How to Write a Great Research Report”
8	Oct 25, 26	Fundamental Analysis of Equities (cont) Technical Analysis	Class Note 8 Bodie: Ch 10.2-10.5 <b>Case Discussion: The Battle for Value, 2016: FedEx vs UPS</b>
9	Nov 1, 2	Market Efficiencies and Anomalies Factor Investing and Smart Beta <b>Assignment 2 is due Nov 12 at 4pm</b>	Class Note 9 Bodie: Ch. 9.1-9.5
10	Nov 15, 16	Performance Measurement and GIPS	Class Note 10 Bodie Ch. 21 <b>Case Discussion: CornerStone Partners</b>
11	Nov 22, 23	Bonds, Term Structure of Interest Rates <b>Cease trading RPM on Friday Nov 23</b>	Class Note 11 Bodie: Ch. 12.2-12.5; Ch. 13.1-13.5
12	Nov 29, 30	Bond Portfolio Management <b>Group Project due November 30 at 4pm</b>	Class Note 12 Bodie Ch. 14 CIBC White Paper: “One of the Most Profitable Strategies in Bond Investing”
Final Exam	TBA by FAS		The final exam is <b>cumulative</b> and will cover all course material.

## **POLICY AND PROCEDURE**

### **Missed Tests and Assignments (including mid-term examinations)**

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may submit a request for special consideration. Provided that notification and documentation are provided in a timely manner, and that the request is subsequently approved, no academic penalty will be applied.

In such cases, students must notify Rotman Commerce on the date of the missed test (or due date in the case of course work) and submit supporting documentation (e.g. [Verification of Student Illness or Injury form](#)) to the Rotman Commerce Program Office within **48 hours** of the originally scheduled test or due date. Students who do not provide Rotman Commerce or the instructor with appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed test or course deliverable.

Documentation submitted in support of petitions for missing tests and assignments must be original; no faxed or scanned copies will be accepted

**Note that the physician's report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. Rotman Commerce will not accept a statement that merely confirms a later report of illness made by the student to a physician.**

**Missed Mid-term Exam:** There will be **no make-up mid-term exam under any circumstances**. Students who miss the mid-term exam for a valid documented reason will have marks re-allocated to the final exam.

### **Late Assignments**

Late submissions will not be accepted unless there are valid medical reasons supported by a doctor's note. Students who, for reasons beyond their control, are unable to submit an assignment by its deadline must obtain approval from the instructor for an extension. Supporting documentation will be required as per the policy on missed tests and assignments.

### **Re-Mark Requests**

A student who believes that an individual item of term work has been marked incorrectly (or that the grade has been miscalculated), may ask for a re-evaluation. Such requests must be submitted within two weeks of the mark being posted. Requests received after this time may not be considered.

The first step is to **check the solution posted on Blackboard**. Many questions can be answered through this step. If, after checking the solution, a student believes that part of the term work has been marked incorrectly (or that the grade has been miscalculated), the student may ask for a re-evaluation. Such re-evaluation may involve the entire piece of work and can result in a raised mark, a lowered mark, or no change at all.

### **Accessibility Needs**

The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible: [accessibility.services@utoronto.ca](mailto:accessibility.services@utoronto.ca) or <http://www.studentlife.utoronto.ca/as>.

## Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarships at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the UofT degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

*The University of Toronto's Code of Behaviour on Academic Matters*

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm> outlines the behaviours that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other UofT resources such as College Writing Centres or the Academic Success Centre.

## Email

At times, the course instructor may decide to communicate important course information by email. As such, all UofT students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up AND properly entered on the ACORN system. For more information please visit

<http://help.ic.utoronto.ca/category/3/utmail.html>

Forwarding your utoronto.ca email to a Hotmail, Gmail, Yahoo or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Hotmail, Gmail or Yahoo accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

## Quercus and the Course Page

The online course page for this course is accessed through Quercus. To access the course page, go to [q.utoronto.ca](http://q.utoronto.ca) and log in using your UTORid and password. Once you have logged

in, you will be at the Quercus Dashboard. On this page you will see all of the courses you are presently enrolled in. If you don't see the course listed here but you are properly registered for the course in ACORN, wait 48 hours.

### **Recording Lectures**

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted (note: students who have been previously granted permission to record lectures as an accommodation for a disability are, of course, excepted). This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in anyway. It is absolutely forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.