

## ECON 422 A: INVESTMENT, CAPITAL, AND FINANCE

Dempsey Hall room 004

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<b>Instructor:</b> Haiyan Pang (she/her) panghaiyan12@gmail.co	<b>Time:</b> MW 8:30 – 10:20
<b>Email:</b> m	<b>Period:</b> 1/3/2023-3/10/2023

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**Course Pages:** <https://canvas.uw.edu/courses/1630340>

**Office Hours:** Friday, 4:30-6:30, Online. I am also available by email, and if you want to schedule office hours at a different time, please just let me know.

**Main References:** Zvi Bodie, Alex Kane, and Alan Marcus, Investments, McGraw-Hill. This will be our main text for the course; we will skip around quite a bit, but this will be a useful reference for you. Any edition of this text will suffice for our purposes.

**Secondary References:** I strongly encourage students to read finance-related news throughout the term. If students so desire, they may, but are by no means required to, subscribe to one of the following newspapers, all of which are known for excellent business and financial news.

- The Financial Times
- The Economist
- The Wall Street Journal
- The New York Times

**Objectives:** This course is primarily designed for students who are interested in how businesses and investors make decisions about what projects to invest in, how to finance said projects, and how financial instruments are priced.

**Prerequisites:** Econ 300 and one of Stat 311, Math 390, Stat 390, or Q Sci 381 are required to take this course.

**Grading Policy:** Problem Sets and Attendance (10%), Midterm (30%), Final (60%). The median grade in the class is curved to a grade between 2.9 and 3.3, as per department policy. The 75th percentile grade is most often curved to a grade halfway between the median and 4.0. Other grades generally are fit to this line, but exceptions are made when the distribution of grades is unusual. I will provide details about the current state of the grading curve throughout the quarter. The final exam will be a comprehensive, including all the materials covered in the class.

**Problem Sets:** Several short problem sets will be assigned throughout, and are due at 11:59 PM Pacific Time on Sunday. A random subset of questions from each assignment will be graded for correctness, and the rest of the questions will be graded for completeness. Solutions will be posted after the assignments are due for help studying. Submissions will only be accepted in PDF format or as **legible** scans of handwritten work. The lowest homework score will be dropped from your grade.

**Exams:** Attendance at the exams is mandatory. Exams will be open-book and open-note, with a mixture of multiple-choice and multiple part short-answer questions. An attempt is made while grading to provide as much carry-through and partial credit as possible, but no partial credit is guaranteed for any incorrect answers or answers with incorrect explanations or work.

**Attendance Policy: Attendance for exams is mandatory.** If you are unable to attend an exam due to circumstances beyond your control, please contact me as soon as this issue arises, and prior to the beginning of the scheduled exam period. Exceptions will be made for health, religious, and academic reasons, and accommodations may be possible for those with other challenges. No late assignments will be accepted.

**Accommodations:** Should you require disability accommodations, please contact Disability Resources for Students at <http://depts.washington.edu/uwdrs/> or 206-543-8924. Washington state law requires that UW develop a policy for accommodation of student absences or significant hardship due to reasons of faith or conscience, or for organized religious activities. The UW's policy, including more information about how to request an accommodation, is available at [Religious Accommodations Policy](#). Accommodations must be requested within the first two weeks of this course using the [ReligiousAccommodations Request form](#).

**Academic Misconduct:** All students are expected to know and to abide by the University's Academic Misconduct policies as defined at <http://www.washington.edu/admin/rules/policies/SGP/SPCH209.html#7> summarized at <https://depts.washington.edu/grading/pdf/AcademicResponsibility.pdf>. In particular, while you are encouraged to study with each other, all assignments for this course must be completed on one's own. Exams are open-book and you may access "cheatsheets," your notes, textbook, or other sources printed sources, but you may not use electronic devices during exams. Failure to abide by these policies is likely to result in failing this course, and may result in further sanctions as described by the policy. If I believe you have cheated on an assignment, you will receive a "zero" grade for that assignment.

Table 1: Tentative Outline

<b>Date</b>	<b>Topic</b>
1/4	Course mechanics, overview. Introduction to Financial Assets
1/9	Introduction to Financial Assets and Markets
1/11	Portfolio Theory I
1/16	Holiday
1/18	Portfolio Theory II
1/23	Portfolio Theory III
1/25	CAMP and Market Equilibrium I
1/30	CAMP and Market Equilibrium II
2/1	CAMP and Market Equilibrium II
2/6	<b>Midterm</b>
2/8	Fixed Income Securities and Security Analysis I
2/13	Fixed Income Securities and Security Analysis II
2/15	Fixed Income Securities and Security Analysis III
2/20	Holiday
2/22	Introduction to Options and Futures I
2/27	Introduction to Options and Futures II
3/1	Portfolio Management
3/6	Review
3/8	<b>Final Exam</b>