

University of Southern California
Department of Economics

ECON 457
Financial Markets

Steve Sapra, Ph.D., CFA

Generic Course Syllabus

This syllabus describes the policies, procedures, and content of this course. Please read it.

Contact Information

Instructor: Steve Sapra
Class: ECON 457
Office: KAP 364A
Email: ssapra@usc.edu
Office hours:

TA:
TA In-person office hours: TBD
TA Online office hours: TBD

Course Objective

The objective of the course is to study the theory and empirical evidence relevant for investing, particularly in the context of portfolio management. The major topics will include:

- Financial instruments
- Decision making under uncertainty
- Optimal portfolio selection
- The relation between risk and return
- Market efficiency
- Equities and fixed income
- Derivatives such as futures, options, and swaps

Prerequisite

ECON 303 – Intermediate Microeconomic Theory

The study of investments is inherently quantitative, although I intend the course to be accessible to those of various mathematical backgrounds. Knowledge of basic statistics (means, covariances, regression, etc.) is most important, as these tools will be used throughout the semester. In addition, some projects and problem sets will be spreadsheet-based, so familiarity with Excel will be necessary.

Textbook

Bodie, Kane and Marcus, *Investments*, 13th edition

Note: do not confuse this with “Essentials of Investments” by the same authors

<https://a.co/d/0dmtGcHV>

Lectures and Reading

The bulk of class time will consist of lectures. My lectures will largely follow the textbooks although I strongly encourage you to attend lectures and read the sections before class. Doing both will materially improve your understanding and help you to retain the course material. We are covering a lot of material over the semester. You will need to read the book, re-read the book, attend lectures, and do homework in order to maximize your chances of success in the course.

I use very little PowerPoint for my lectures. I believe that simply going over slides lacks the necessary detail that students need to master the material. Rather, I will write detailed notes on the board. Because most of the lectures are not PowerPoint-based, **lecture notes will not be made available to students**. If you miss a class, you'll need to reach out to one of your fellow students to obtain the notes for that class.

Course Requirements and Grading

The course grade will be based on homework, a project, a midterm exam, and a final exam. Your course grade will be determined using the following weights:

Homework	20%
Project	10%
Midterm Exam #1	15%
Midterm Exam #2	15%
Final exam	40%

I will usually assign homework at the end of class. Hard copies of every homework are due at the beginning of each class. **YOU MUST STAPLE YOU HW. PLEASE DO NOT FOLD HW IN THE CORNER.** If for some reason you are unable to attend a particular class session, be sure to email the TA a PDF of your HW prior to the start of the class session. Homework solutions will be posted right after class to Blackboard for all assignments.

The final exam is cumulative, so a good score on the final is indicative of comprehension of all the course material. For students who score better on the final exam than the average

of the two midterms, I will shift the weight from 30/40 (midterm/final) to 20/50 (midterm/final). There will be no extra credit given – don't ask. Other than the course grade, no letter grades will be assigned, although I will report the distribution of the midterm exam scores.

Projects

There is a single Excel-based project due. I will provide you with the details of the project later in the semester. You are free to work in groups or individually, but each person must turn in their own project.

Exams

All exams are closed book, although you will be allowed a single double-sided 8½ × 11 page of notes for the midterm and the final. Do not bring two pages of notes to an exam.

For both exams, you will need a calculator that can raise numbers to arbitrary powers. Laptop computers and calculators with word-processing features are not permitted for use in an exam.

Inability to Take an Exam

Excused absences from either a midterm or final will be evaluated on a case-by-case basis and must be approved by me prior to the exam. In the event you are unable to take a midterm exam due to an *excused absence*, the final exam will count for the midterm + final exam grade.

In the event you are unable to take the final exam due to an *excused absence*, you will be required to take an **Incomplete** in the course and will be required to take the final exam the following semester, on the time and date it is taken by that class in order to remove the Incomplete grade. No special accommodations will be made in this circumstance including allowing you to take the exam at a different time or at a different location. Per University policy, students are required to make up the work to satisfy a grade of Incomplete within one year. Extensions beyond the University-mandated one-year window will not be granted.

Class Participation

While there is no grade for class participation, I very much appreciate an interactive class with interesting thoughts and questions, whether we're covering current topics or discussing a theoretical model. Please don't be shy.

Class Holidays

From time to time the class may fall on an official USC holiday. For these classes which overlap with holidays, I may host a makeup video-based lecture which will also be recorded. However, I reserve the option to make up the class via other formats such as additional reading or projects.

Textbook Readings and Important Dates

The schedule below is intended to be only a guide for the semester. I may modify the content covered or scheduled dates of any items below. This includes the addition and/or removal of content. All changes will be announced in Blackboard.

Statement on Academic Conduct and Support Systems

Academic Conduct:

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Part B, Section 11, “Behavior Violating University Standards” policy.usc.edu/scampus-part-b. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, policy.usc.edu/scientific-misconduct.

Support Systems:

Student Health Counseling Services - (213) 740-7711 – 24/7 on call
engemannshc.usc.edu/counseling

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call
suicidepreventionlifeline.org

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-4900 – 24/7 on call
engemannshc.usc.edu/rsvp

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Office of Equity and Diversity (OED) | Title IX - (213) 740-5086
equity.usc.edu, titleix.usc.edu

Information about how to get help or help a survivor of harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants. The university prohibits discrimination or harassment based on the following protected characteristics: race, color, national origin, ancestry, religion, sex, gender, gender identity, gender expression, sexual orientation, age, physical disability, medical condition, mental disability, marital status, pregnancy, veteran status, genetic information, and any other characteristic which may be specified in applicable laws and governmental regulations.

Bias Assessment Response and Support - (213) 740-2421
studentaffairs.usc.edu/bias-assessment-response-support

Avenue to report incidents of bias, hate crimes, and microaggressions for appropriate investigation and response.

The Office of Disability Services and Programs - (213) 740-0776
dsp.usc.edu

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

USC Support and Advocacy - (213) 821-4710
studentaffairs.usc.edu/ssa

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity at USC - (213) 740-2101

diversity.usc.edu

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

dps.usc.edu, emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call

dps.usc.edu

Non-emergency assistance or information.