

FIN 613 - Alternative Investments
Colorado State University - College of Business
Course Syllabus Fall 2025 (online)

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Instructional Coordinator: The contact information for the instructional coordinator (IC) for this course will be posted on Canvas at the beginning of the semester.

Welcome to FIN 613! In this course you will learn about several different asset classes. We will start the semester with a brief discussion of the risk and return characteristics of a portfolio composed of publicly traded stocks and bonds. We will then learn about funds of assets (mutual funds, hedge funds) as well as private equity, venture capital, commodities, and real estate. In our coverage of these asset classes, we will consider the risk and return characteristics of each asset type, how they are traded, factors that affect their valuation, and how these different assets can work together to create more efficient portfolios. The lectures and assigned readings will introduce the information and then the homework and case assignments will provide opportunities for students to apply the information.

Course Description from the University Catalog:

Examine a variety of major alternative asset classes, including private equity, venture capital, commodities, hedge funds, and real estate.

Required Course Materials:

- **Textbook:** *Investments* (11th or newer edition¹), by Bodie, Kane, and Marcus published by McGraw Hill. The ISBN-13 for the 11th edition is 978-1259277177. We will not be using the online resources sometimes offered with this textbook so you are welcome to buy a used text or to utilize an e-text version.
- **Access to a computer with excel and a calculator.**
- **Cases:** There are 3 cases that will be used in this class as the basis for short homework assignments. The case assignments are designed to be straightforward (i.e., multiple choice questions as opposed to general write-ups) and the grading will include some points awarded for completion. The cases help students learn the material by providing an applied setting in which to apply and practice the concepts and calculations that we have discussed using real-world data in a somewhat real-world setting. The easiest way to buy and download the 3 cases is via this course pack link: <https://hbsp.harvard.edu/import/1319965>. You may need to create a free student account to use this link. For reference, the link above includes each of the 3 cases described below with case titles appearing in italics.
 1. *Partners Healthcare*, by Joshua D Coval, published in 2005, 14 p, 206005-PDF-ENG

¹ If you are using a newer edition of the textbook, please note that the chapters and section numbers listed in the last column of the schedule file posted on Canvas are for the 11th edition of the textbook. If you are using a newer edition, please see the "11th ed Table of Contents" pdf file posted on Canvas for the names of the chapters and sections. You can then look for the same section and chapter names in the newer edition textbook.

2. *Common Fund Hedge Fund Portfolio*, by Andre F. Perold, William T. Spitz, Dec 1996, 15 p, 297014-PDF-ENG
3. *The Search for Property: Institutional Investment in Real Estate*, by Craig Furfine, revised Jun 2016, 18 p, KEL824-PDF-ENG

Course Objectives:

Upon successful completion of this course, you will be able to...

- Identify and describe several types of common alternative investments. These alternative investment classes include hedge funds, private equity, venture capital, commodities, and real estate.
- Compare and contrast the cash flows, risks, and transaction costs associated with these alternative investments.
- Measure the performance of alternative investments and describe their effect on overall portfolio performance.
- Provide intuition about portfolio construction and asset allocation decisions involving these alternative investment classes.

Class Policies:

Academic Honesty and Professionalism: Students are expected to uphold the academic integrity standards as explained in the university's General Catalog and as summarized by the CSU Honor Pledge: "I have not given, received, or used any unauthorized assistance" on any work in FIN 613 (<https://tilt.colostate.edu/integrity/>).

Along these lines, online "homework helper" sites including, but not limited to, Chegg, NoteHall, Quizlet, and Koofers are not permitted in this course. Students are welcome to use AI resources to learn more about specific topics in this course, but generative AI should not be used to answer the specific questions students are asked to complete as part of their graded coursework for this class. Utilizing generative AI or homework helper sites for any graded work will be regarded as a breach of the CSU Academic Integrity Policy and Student Conduct Code. Use of these types of resources will be considered receiving or giving unauthorized assistance and, therefore, a violation of the student conduct code and may result, at the discretion of the instructor, in a zero for the course, assignment, quiz, and/or exam. This policy is intended to help ensure that you develop critical thinking and problem-solving skills independently. Please reach out to me to discuss if a specific service you are thinking about using for this course is acceptable. You are welcome to talk about homework assignments with fellow students that are currently enrolled in the course.

Canvas: The course material is organized into modules in Canvas. Each module will include several PowerPoint lecture slide sets, suggested readings, and accompanying homework and/or case assignments. It is recommended that you cover the module content in the order indicated in the outline posted on the Canvas website. The materials provided on Canvas are intended for use by registered students in this course. These materials may not be shared without proper prior consent.

Communication Policy: The lectures and slides are posted on Canvas. Communications that are of general interest to the class will be posted as an announcement to the class, which you can access through Canvas. Students are expected to check the Canvas course

announcements regularly each week. If you have questions related to class material or to the course in general, please contact your Instructional Coordinator (IC). Your IC will be your first point of contact. The IC and I are looking forward to working with you this semester.

Assignments: Within each module there will be assignments given to reinforce course content. If you have listened to the lectures and looked at the suggested readings, the assignments will likely require around 30 - 50 minutes each week to complete. The case-based exercises will be a little more involved and will require you to think about the real-world settings described in the cases. The grading on the case-based exercises will be based ~ 50% on completion and the rest on the correctness of your answers.

Group work: Group work is allowed for the assignments, but each person needs to turn in their own work. You are welcome to talk with other current students about the homework and case assignments. In contrast, the exams should be done individually without any communication with other students.

Exams: There are three exams. The dates and topics covered are detailed on the schedule. The exams are not deliberately cumulative but some of the core ideas in the course apply to multiple asset types and hence may appear on more than one exam. The exams are individual-effort only and are subject to the academic integrity requirements of Colorado State University.

Grades: The course grades will be calculated using the following category weights:

Exams (3 total – 20% each)	60%
Homework assignments (~ 7 total)	25%
Case question assignments (3 total)	15%

Final letter grades will be assigned using the plus/minus grading system (i.e., A+, A, A-, B+, etc.) At the end of the semester, I will apply a curve such that the average final letter grade in this course will be around a B.

If you have questions or concerns about the grading on an assignment or on an exam, you should write a clear explanation of your question and then include this explanation along with your answer in an email sent to me within 2 weeks of the grades being posted on Canvas. Don't wait until the end of the semester to follow up on the grading of assignments from early in the semester. Students that are not doing well in the class should follow up with me early in the semester and not wait until the end.

Participation Policy and Time Estimate: Regular participation is needed for successful completion of this course. As detailed in the schedule, each week during the semester students are generally expected to watch 2 lectures, do the assigned reading, and complete the accompanying assignment. Each lecture is ~50 minutes long. My expectation is that most students should try to spend 60 - 90 minutes a week, on average, on this class outside of the lectures if they are taking the course during a full semester. This time accounts for the assigned readings and assignments.

Copyrighted Course Materials: You should not share material from this course in online, print, or other media. Course material is the property of the instructor who developed the course. Posting course materials on external sites (commercial or not) violates both copyright law and the CSU Student Conduct Code. Students who share course content without the instructor's

express permission, including via online sites that post materials to sell or share with other students, could face appropriate disciplinary or legal action.

Disability Assistance: If you are a student who might need accommodations in this class, please reach out to the Student Disability Center at 970-491-6385 (<https://disabilitycenter.colostate.edu/>) for assistance in learning what accommodations are possible. The lectures for this class are pre-recorded and posted on Canvas. The PowerPoint files used in the lectures are available online. The homework assignments don't have specific time limits but they do have due dates. The exams do have both time limits and due dates.

Tentative Class Schedule: There is a file with the schedule information posted on Canvas that provides dates for lectures, due dates for homework assignments, and suggested dates for the exams. If changes are made to the schedule during the semester the new information will be posted online. The PowerPoint slide sets used in the lecture videos are posted online.

Changes to the Syllabus or Schedule: I reserve the right to make minor adjustments to the syllabus, course, and/or schedule during the semester. If any changes are needed, I will post the information as a class announcement on Canvas.

Disclaimer: We will talk about various investments and investment ideas during the semester. In our discussions, I will try to highlight the potential advantages and disadvantages associated with the various alternatives. We will talk about how investors can try to use these alternative investments to improve underlying traditional portfolios made up of stocks and bonds. Please realize that *all* investments and investment strategies carry some risk and that although many investors make money with these alternative investments, there is always the chance that you can also lose money. Each year there are unexpected events that can enhance or detract from investors' well-made investment plans. In FIN 613 we will talk about common investment approaches that have worked well in the past but there is no guarantee that these same investment strategies will necessarily do well in any given year.

Suggested Lecture and Exam Dates	Modules, Lectures, Assignments, and Exams	Assigned Reading ²
<p>Tuesday Aug 26</p> <p>Thursday Aug 28</p> <p>Tuesday Sept 2</p> <p>Thursday Sept 4</p>	<p><u>Module 1: Setting the stage – Publicly traded stocks and bonds</u></p> <p>Lecture 1: Introduction to FIN 613, stocks and bonds</p> <p>Lecture 2: Review of time value of money</p> <ul style="list-style-type: none"> Do Homework #1 (Due Monday Sept 1st) <p>Lecture 3: Publicly traded debt</p> <p>Lecture 4: Publicly traded equity</p> <ul style="list-style-type: none"> Do Homework #2 (Due Monday Sept 8th) 	<p>TVM review notes on Canvas, 18.3</p> <p>2.1 -2.2, 14.1, 14.5</p> <p>2.3</p>
<p>Tuesday Sept 9</p> <p>Thursday Sept 11</p> <p>Tuesday Sept 16</p> <p>Thursday Sept 18</p> <p>Tuesday Sept 23</p> <p>Thursday Sept 25 – Saturday Sept 27</p>	<p><u>Module 2: Creating portfolios</u></p> <p>Lecture 5: Investor preferences regarding risk and return, CALs</p> <p>Lecture 6: Risk and return in a portfolio setting (part 1)</p> <ul style="list-style-type: none"> Do Homework #3 (Due Monday Sept 15th) <p>Lecture 7: Risk and return in a portfolio setting (part 2)</p> <ul style="list-style-type: none"> Do <i>Partner's Healthcare case</i> questions (Due Monday Sept 22nd) <p>Lecture 8: Exam 1 review lecture</p> <p>Lecture 9: In-class discussion of <i>Partner's Healthcare case</i> answers and related topics</p> <p>Exam 1 (done via Canvas)</p>	<p>6.3, 6.4</p> <p>7.1-7.4</p> <p><i>Partner's Healthcare case</i> (This case demonstrates how the addition of new asset classes to a portfolio affects the efficient frontier. This discussion helps motivate our later discussions of PE, VC, hedge funds, REITs, commodities, etc.)</p>
<p>Tuesday Sept 30</p> <p>Thursday Oct 2</p>	<p><u>Module 3: Funds, reasons to consider private assets</u></p> <p>Lecture 10: Mutual funds, indices, ETFs</p> <p>Lecture 11: Hedge funds, market neutral positions, short positions</p> <ul style="list-style-type: none"> Do <i>Common Fund Hedge Fund Portfolio case</i> questions (Due Wednesday Oct 8th) 	<p>Ch 4, 2.4</p> <p>26.1-26.2, 26.4-26.6, <i>Common Fund Hedge Fund Portfolio case</i> (This case provides an introduction to several traditional hedge fund</p>

² The chapters and section numbers listed in the last column of the schedule are for the 11th edition of the textbook. If you are using a newer edition of the textbook, please see the 11th ed Table of Contents pdf file posted on Canvas for the names of the sections. You can then look for the same section names in the newer textbook. To save you time, I've listed the assigned sections below this table with their names.

Tuesday Oct 7	Lecture 12: Market efficiency, public versus private assets	strategies and facilitates an applied discussion of beta, R-square, correlation, standard deviation, business cycles, macro sentiment measures)
Thursday Oct 9	Lecture 13: In-class discussion of <i>Common Fund Hedge Fund Portfolio</i> case questions and related topics <ul style="list-style-type: none"> Do Homework #4 (Due Monday Oct 13th) 	11.1 - 11.2, 11.4 - 11.5 Ch 17.2 - 17.6
Tuesday Oct 14	<u>Module 4: Private equity and venture capital</u> Lecture 14: Introduction to private equity, LBOs, "Public" private equity	See the excel file posted with Lectures 14/15. Be sure to look at the excel file and understand how the numbers relate to the ideas discussed in lecture.
Thursday Oct 16	Lecture 15: Introduction to venture capital	
Tuesday Oct 21	Lecture 16: Discussion of a famous VC purchase and exit with a look at how the economy affects the VC decisions <ul style="list-style-type: none"> Do Homework #5 (Due Friday Oct 24th) 	
Thursday Oct 23	Lecture 17: Exam 2 review lecture	
Saturday Oct 25 - Tuesday Oct 28	Exam 2 (done via Canvas)	
Thursday Oct 30	<u>Module 5: Options, futures, forwards, commodities</u> Lecture 18: Introduction to options markets	Ch 20, 22.1 - 22.3, "Spreads" discussion in 22.4
Tuesday Nov 4	Lecture 19: Futures and forwards	
Thursday Nov 6	Lecture 20: Inflation, real assets, bitcoin	
Tuesday Nov 11 Thursday Nov 13	Lectures 21 and 22: Commodities <ul style="list-style-type: none"> Do Homework #6 (Due Friday Nov 14th) 	

Tuesday Nov 18	Lecture 23: Using the financial market conditions of early 2018 as a setting in which to discuss the use of commodity and option investments	
Thursday Nov 20	<p style="text-align: center;">Module 6: Investing in real estate</p> <p>Lecture 24: Introduction to residential and commercial real estate</p> <ul style="list-style-type: none"> Do Homework #7 (Due Tuesday Dec 2nd) 	
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Tuesday Dec 2	Lecture 25: Secondary mortgage markets	
Thursday Dec 4	<p>Lecture 26: REITs</p> <ul style="list-style-type: none"> Do <i>The Search for Property: Institutional Investment in Real Estate</i> case questions (Due Wednesday Dec 10th) 	
Tuesday Dec 9	Lecture 27: Exam 3 review	
Thursday Dec 11	Lecture 28: In-class discussion of <i>The Search for Property: Institutional Investment in Real Estate</i> case questions and related topics, Exam 3 review	
Mon Dec 15 th – Thurs 18th	→ Final Exam (done via Canvas)	<p><i>The Search for Property: Institutional Investment in Real Estate</i> (This case provides an applied setting in which to consider real estate investment as part of a larger portfolio. It also provides a nice setting in which to discuss issues related to public versus private real estate investments)</p>