
FIN 355 – Principles of Investments
Colorado State University – College of Business
Course Syllabus Fall 2025

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Class schedule: Tuesday/Thursday 3:30 – 4:45 am

Office hours: The dates and times for office hours will be posted on Canvas as an announcement during the first week of the semester. Students are encouraged to stop by my office during those times if they have questions.

Welcome to FIN 355! This course will provide you with an introduction to the terminology, calculations, and theory behind investments and some of the markets in which these assets are traded. The types of questions addressed in this course include: What are common debt and equity securities that people invest in? Where and how do people invest in these securities? How do you create a portfolio that maximizes return for a given level of risk? What quantitative tools and measures do investors use to compare different investments? What is the relation between risk and return? How do you measure risk? How do you create an “efficient” portfolio in terms of risk and return?

We will also spend some time discussing mutual funds and ETFs, security valuation, business cycles, and provide a brief introduction to the derivatives market. This course has been developed to target the learning outcomes listed below. Students that do well in this class should be able to...

- Discuss concepts related to security markets, index construction, how securities are traded, the IPO market, and buying securities on margin.
- Calculate the expected return and standard deviation of the returns for a security/portfolio given a set of possible outcomes and probabilities.
- Estimate the expected return, variance, and beta related to a security and/or portfolio.
- Understand how a portfolio's risk and expected return is affected by choosing different portfolio weights and different underlying assets.
- Identify the optimal risky portfolio on the efficient frontier and use this portfolio to answer asset allocation questions.
- Understand and be able to chart the efficient frontier, tangent portfolio, and capital allocation line.
- Understand the assumptions behind and implications of the Capital Asset Pricing Model (CAPM).
- Understand and be able to estimate basic equity valuation models, including models using discounted-cash-flow approaches and relative valuation.
- Describe terminology and ideas related to option contracts and the derivative market.

Textbook and Other Required Items:

- *Essentials of Investments*, Bodie, Kane, and Marcus, 12ed. The textbook should be available via CSU's Day One Access program with eBook and Connect Online access.
- Access to a computer with Excel

Suggestions for Success in FIN 355:

1. **Attend the lectures** each week. Use the lecture slides as an outline for your class notes. The lecture slides will typically be available online prior to class. The slides provide an easy outline for your notes but they do not include all the details we will cover during lecture. Your performance on the exams will be enhanced if you attend class.
2. **Read the assigned reading** from the textbook. You will find that your understanding of the topics covered during lecture will be enhanced if you not only hear me talk about it but also read the textbook's coverage of the topic. Keep current on the assigned reading. I estimate that most students will need to dedicate 15-20 minutes a day to textbook reading to be able to stay current.
3. **Come to my office if you have questions.** I am happy to work with students and answer questions.

If you need help:

Financial theory and its application are interesting but can be challenging. If you do not understand the material after attending the lectures and reading the assigned readings, you are encouraged to come to my office hours. I have specific hours set aside each week to address student concerns. If you cannot come to my office hours you are welcome to email me and set up another time. I enjoy working with students and encourage you to seek help if you need it.

Homework:

There will be a short homework assignment due most weeks during the semester. The assignments will be generally submitted online so you will be able to check specific deadlines online during the semester. I know students are busy and my goal is to make the assignments as short as possible but still long and detailed enough to help you as you learn the material. You are welcome to talk with other students about homework assignments.

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 355 (<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 class, but generative AI should not be used to complete the 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.

Communication: The lecture slides will be posted to Canvas each week. Communications that are of general interest to the class will also be posted as an announcement to the class, which you will receive as an email or can access in Canvas. Students are expected to check the Canvas course announcements regularly each week.

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

Exams: There are 2 midterms and a final exam in this class. These exams will be done in the classroom on the dates noted in the syllabus. The final exam will be given during the final exam week on the day and at the time assigned by the university to our class. The exams are not deliberately cumulative but some of the core ideas in the course apply in multiple settings and hence will appear on more than one exam. The final exam will focus primarily on post-midterm 2 material, but it will also include a few questions on key concepts from earlier in the semester. These key concepts will be reviewed during the last week of the semester. The exams are individual-effort only and are subject to the academic integrity requirements of Colorado State University.

All homework assignments and exams are open-book and open-note.

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

2 Midterms (15% each)	30%
Final	15%
Homework (~12 assignments)	45%
Participation (attendance is important)	10%

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 grade in the class will be 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 1-2 weeks of the grades being posted on Canvas. Don't wait until the end of the semester (or after the end of the semester) to follow up on the grading of assignments from early in the semester.

Participation Policy: The participation portion of the grade in this class is based on the two parts described below. Half of the participation points (5% of the final grade) will be based on attendance and the other half of the participation points (also 5% of the final grade) will be based on the completion of the online book exercises.

- (1) **Participation via attendance:** Regular attendance will help you succeed in this course. An important part of the learning in this course comes from listening to and participating in the weekly classroom discussion. For this reason, attendance will be used to measure class participation. This means that you can get 5/5 (100%) on the portion of the

participation grade related to attendance by consistently attending the lectures and following the classroom etiquette guidelines described below. University-sanctioned absences and occasional emergencies/sickness will not count against your participation grade. You can have 2 unexcused absences during the semester and still get full credit on the participation portion of the grade. For more information on how the participation grade relates to attendance, please see the additional information posted on Canvas. Those that have excused absences should speak with me at least 2 weeks before missing a class to ensure a plan is in place to learn the material and/or to take a makeup exam as needed. I understand that life can be complicated so please talk to me if you need to miss a class, but this is the exception and generally speaking regular attendance is expected.

- (2) **Participation via online exercises:** The schedule shown at the end of the syllabus identifies sections of the textbook that you should review with each course module. I've identified a series of online practice problems for each module that are done online via Connect. Unlike the homework questions done on Canvas, you will be able to work through the Connect problems as many times as needed (the initial score won't matter). If you get a practice problem wrong, the online resources from the textbook will help direct you to information related to that problem. These practice problems are intended to help you learn and test yourself on the material associated with each module in a setting that allows you to redo problems as needed. You will get full credit (5/5) on the portion of the participation grade related to these exercises if you complete each module's practice problems with a high score (>85%) prior to the end of each module. The participation grade will be based on the completion of these problems by the stated deadlines not on the actual scores provided you complete them with an overall high score (>85%). As noted above, you can redo problems as needed to increase the score if needed prior to the deadline.

Classroom Etiquette: The class discussion is an important part of learning in FIN 355. To maximize the learning environment during class (and to help you do well on the participation portion of your grade) I ask that you follow these guidelines:

- **Computers:** I encourage you to take notes during the lecture. Some people prefer to do this on a computer. It is fine with me if you are using your computer during class to take notes. However, it is not okay to be surfing the internet, checking email, or looking at other material during class. Please do not use your computer for any other purpose during class except to assist you in taking notes.
- **Phones:** I ask that you turn off your phones and refrain from texting during class unless there is an emergency or you are expecting a critical call from a recruiter.
- **Conversation:** I encourage active participation during the lectures. To keep the discussion orderly, please raise your hand to be called upon.

Copyrighted Course Materials: You should not share material from this course online, in print, or via 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 with online sites that post materials to sell to other students, could face appropriate disciplinary or legal action.

Disability Assistance and Accommodations: If you need accommodations for this class, I encourage you to reach out to the Student Disability Center (SDC) at 970-491-6385 (<https://disabilitycenter.colostate.edu/>) for assistance in learning what accommodations are possible. If your accommodation allows you to take the exams at the SDC, please be sure to plan ahead and schedule the exams for the same exam dates as posted on Canvas.

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

Tentative Class schedule:

The schedule shown below gives a tentative idea about the structure of the course. If changes are made to the schedule during the semester an updated version will be posted online. The PowerPoint slide sets will be posted online several days before each lecture.

Dates		Assignments	Assigned Reading in Textbook
Aug 26, 28 Sept 2, 4	Introduction to debt and equity markets (1) – Introduction to Equity and Debt Securities (2) – Issuing and Trading Securities (3) – Short Selling and Buying on Margin (4) – Market Indices	HW 1 (due by Sept 2) HW 2 (due by Sept 9) Module 1 Connect Ex.	<ul style="list-style-type: none"> • Skim 2.1 The Money Market, Skim 2.2 The Bond Market, Read 2.3 Equity Securities • Read 3.2 How Securities Are Traded, 3.4 US Markets, 3.7 Trading Costs • Read 3.8 Buying on Margin, 3.9 Short Sales • Read 2.4 Stock and Bond Market Indexes
Sept 9, 11, 16, 18	Risk and return, correlation, standard deviation, CAL, Sharpe Ratios (5) – Measuring Returns (6) – Measuring Risk (7) – Risk and Return Calculations in a Simple Portfolio (8) – Risk and Return Calculations Part 2	HW 3 (due by Sept 16 <- do this HW before the 16 th so you can start on HW 4 early) HW 4 (due by Sept 19) Module 2 Connect Ex.	<ul style="list-style-type: none"> • Read 5.1 Rates of returns (we won't use continuous compounding in this class) • Read 5.4 The Historical Record
Sept 23	Midterm 1 in classroom on computer		
Sept 25, 30 Oct 2, 7	Portfolio Theory, Diversification, Efficient Frontier (9) Portfolio Theory – Diversification Affects Portfolio Risk and Return (10) Review Questions (11) Strategic Asset Allocation (12) Brief Preview of Alternative Investments	HW 5 (due by Oct 1) Module 3 Connect Ex.	<ul style="list-style-type: none"> • Read 6.1 Diversification and Portfolio Risk, • Read 6.2 Asset Allocation with two Risky Assets, • Read 6.3 The Optimal Risky Portfolio with a Risk-Free Asset, Read 6.4 Efficient Diversification with Many Risky Assets
Oct 9, 14, 16, 21	Risk-return models, betas (13) Regression Review (14) Single Factor Models (15) CAPM and Multifactor Models	HW 6 (due by Oct 14) Module 4 Connect Ex.	<ul style="list-style-type: none"> • Read the first 4-5 pages of 6.5 The Single-Index Stock Market. • Read 7.1 The Capital Asset Pricing Model

			<ul style="list-style-type: none"> • Skim 7.4 Multifactor Models and the CAPM
Oct 23	Midterm 2 in classroom on computer		
Oct 28, 30 Nov 4, 6, 11	Security Analysis and Valuation (16) DCF Bond Valuation (17) Share Valuation (18) DCF Firm Valuation (19) Relative Valuation	HW 7 (due by Oct 30) HW 8 (due by Nov 6) Module 5 Connect Ex.	<ul style="list-style-type: none"> • Read 10.1 -10.3 on bond characteristics, pricing, and yields • Read 13.3 Dividend Discount Models
Nov 13, 18, 20	Introduction to Derivative Markets & Funds (20) Options (21) Futures and Commodities (22) Overview of Funds	HW 9 (due by Nov 20) Module 6 Connect Ex.	<ul style="list-style-type: none"> • Read 15.1 - 15.3 on Options. The main things to take from the reading are the terminology and understanding the payoff and profit diagrams. • Read 17.1 The Futures Contract • Read 4.1 – 4.6 on mutual funds
Dec 2, 4, 9, 11	Business Cycles, Inflation, Efficient Markets, Common Trading Strategies (23) Business Cycles, Economic Indicators, Inflation (24) Efficient Markets and Anomalies (25 and 26) Summary of FIN 355 Topics, Discussion of a Few Investing Approaches	HW 10 (due by Dec 4) HW 11 (due by Dec 11)	<ul style="list-style-type: none"> • Read 12.2 Domestic Macroeconomy • Read 12.6 Business Cycles • Read 8.1 Random Walks and Efficient Markets
	Final Exam (be sure to check the university's official final exam schedule because we will use the day and time during final exam week assigned by CSU for the final exam in this class.)		