



**Instructor Information:**

Kwaku Addae-Ankrah, Ph.D. | kwaku@unc.edu  
Office: 102 Gardner Hall

**Class Schedule:**

The class will be held remotely on Zoom at most for the first 6 weeks on  
**T/Th 9:30am-10:45am ET**. After that, the class will meet **in-person** in Gardner Hall Rm 0308.  
**Students are required to have their cameras turned on for all remote sessions.**

Lecture Zoom Link: <https://unc.zoom.us/j/96852197710>  
Meeting ID: 968 5219 7710

**Professor's Office Hours:**

**Mon 3pm-5pm ET on Zoom:** <https://unc.zoom.us/j/98899633967>

**Class Absence Log:**

If you will miss class due to a university excuse absence, you must log that on the Google Form available at <https://forms.gle/8n2aEaJnqsb4NV6A9>. You need to fill this out for each class that you will miss. Note that filling out this Google form does not qualify you for university approved absence unless you have the proper supporting documentation from the **University Approved Absence Office (UAAO)**.

**ULAs Office Hours:**

TBD

**Course Website:** Assignments, announcements, grades, readings, and other information will be posted on Sakai. It is your responsibility to check Sakai and your UNC email regularly to stay informed regarding course content, exam dates, schedule changes, etc.

**Email Guidelines:** All emails should begin with the subject line **ECON 425: + [Brief descriptive title]**. e.g. *ECON 425: doctor's appointment*. Please, follow this policy all the time when emailing the instructor so that your email can be properly sorted into the correct folder and read in a timely manner. Allow the instructor 48 hours to respond to your email. If your email does not include the subject line, your email could get lost or receive a delayed response.

**Course Materials:**

**Recommended Texts:** *Investments* by Bodie, Kane and Marcus, 12th edition  
*The Economics of Money, Banking and Financial Markets* by Mishkin  
*Modern Investment Theory* by Haugen

### **Electronics Policy:**

While students are permitted to use their laptops or tablets/iPads to take notes in class, it is recommended to take notes in a book especially during the quantitative portions of the course. Students are prohibited from googling answers to questions asked in class. If you would take notes on your laptop, you must be seated at the back rows to minimize distraction to other students. During some of the classes that require data manipulation in Excel, I will post announcement in Sakai to bring your laptop to class to follow along.

### **Recommended Periodicals:**

Keeping abreast of the financial and macro news is essential for this course. Although not officially required, reading the Wall Street Journal and/or the Economist is highly recommended.

**Software:** You are not required to purchase software for this course. However, many assignments require access to a program that will store and manipulate data. Excel is the candidate for such tasks.

### **Prerequisites:**

ECON 420 (Intermediate Theory: Money, Income, and Employment)

ECON 410 (Intermediate Theory: Price and Distribution) with a grade of C or better

ECON 400 (Economic Statistics) with a grade of C or better

### **Course Goal:**

A central theme underlies the course: How does a risk averse individual allocate their funds? Students begin with an introduction to financial markets, instruments and trading of securities. They then define and measure risk, making connections to their microeconomics training. They then develop and use asset pricing models to explore the interplay between risk and return. These pricing tools are then applied to several assets, including equities, fixed income, and foreign exchange. Finally, students use these tools to develop a mean-variance optimal portfolio allocation. Along the way, students are introduced to basic quantitative tools, and participate in myriad practical applications.

### **Assessment:**

**Assessment is based on the following 5 components:**

Attendance (Poll Everywhere): 5%

Homework (individual & group): 15%

Midterm 1: 20%

Midterm 2: 20%

Final Exam: 25%

Group portfolio management exercise: 15%

**Class Attendance Policy:** Attendance is mandatory and will be taken online in every class using Polls Everywhere. You can log in at either [polleverywhere.com](http://polleverywhere.com) or by using

the Poll Everywhere mobile app. With either method, you must enter your official UNC-CH email address, select the Single Sign-On link, and then enter your Onyen and Password. Important: The email address you have listed under your profile in Poll Everywhere must exactly match the email address you have listed in the [UNCDirectory](#). If this is not the case, your poll scores will not properly synch to Sakai! (It's a problem, for example, if your email is [onyen@unc.edu](mailto:onyen@unc.edu) in the [UNC directory](#) but [onyen@email.unc.edu](mailto:onyen@email.unc.edu) in Poll Everywhere.) If your emails do not match exactly, please change your email address in Poll Everywhere to what is listed in the UNC Directory. If you need assistance, please visit <https://edtech.unc.edu/service/poll-everywhere/> or contact [ITS Help](#).

**Students who miss a total of 6 classes in the semester after the first week without proper excuse absence from the University or a doctor's note will receive a score of 0 for the attendance component of their grades. Once the class reverts to in-person instruction, students cannot attend live Zoom sessions but can watch recorded versions later. Watching the recorded videos does not count as attendance.**

**Homework:** There will be several equally-weighted homework assignments throughout the semester. At the very least, you should expect one homework assignment for every topic that we cover. The homework will be due one week from the day we finish that chapter and should be submitted well in advance of the due date to avoid last minute tech issues. Any homework submitted to my email will not be graded and will receive a score of 0. If you have a university approved absence, then it is your responsibility to email me at [kwaku@unc.edu](mailto:kwaku@unc.edu) either before or during the week you return to let me know which assignment(s) you would like to make up. If you email well past the week you return, you will be unable to make up the missed work.

**Midterm and Final Exam:** There will be 2 midterms and a comprehensive final exam. I will post a sample midterm on Sakai as a guide. The comprehensive final exam will cover all chapters.

Midterm 1 date: Thursday, Feb 24, 2022

Midterm 2 date: Thursday, April 7, 2022

Final Exam date: Tuesday, May 3, 2022 at 8am ET

### **Midterm Exams Make-Up Policy:**

I will offer 1 make up midterm exams for students who need it. This means all students who have to make up the exam will do it on the same day at the same time in the same room and this will take place no more than a week after the midterm has been given. **All make up exams will be different questions than the ones taken on the dates listed above. Please, note that to qualify for a make-up, you must have official proof of absence. If you were sick or had a COVID infection, you need a doctor's note stating that you could not come to write the exam on the dates above.** Excuses like "I over slept", "I don't feel prepared", "I have other midterm exams the same day", "work conflicts", "job interviews", "feeling sick without a doctor's note or tests" and the likes

do not qualify for make ups and students will get a score of 0 for missing the midterm exams. The weight of missed midterms will not be shifted to the final exam.

**Group portfolio management project:** details will be announced later in class.

**Tentative Course Outline**

Weeks 1-4

**Financial Markets & The Investment Environment**

What are financial markets? Major players in financial markets, types of securities traded and how they are traded, in-depth discussion of mutual funds and other investment companies, link between the financial sector and the real sector in which goods and services are produced, the financial crisis of 2008-2009 and the U.S. housing sector

Weeks 5-6

**Understanding the Risk/Return Tradeoff**

What is risk? How do we measure risk? How do investors allocate funds in the face of risk?

Weeks 7-9

**Asset Allocation**

Why is diversification useful? How do we construct Markowitz-style optimal portfolios?

Weeks 10-11

**Risk Free Asset Pricing**

What is the price of an asset in the simple case of no risk?

Weeks 12-14

**Asset Market Equilibrium**

How do the CAPM and APT models permit investors to price assets in the face of risk?

Weeks 14-16

**Asset Pricing**

How do investors price Equities, Fixed Income, and Foreign Exchange?

**Grades:**

Letter grades are computed from the total points earned during the semester and assigned based on the scale below:

A	92.5% and above
A-	89.5 – 92.4
B+	84.5-89.4
B	79.5-84.4

B-	74.5-79.4
C+	69.5-74.4
C	64.5-69.4
C-	59.5-64.5
D+	49.5-59.4
D	39.5-49.4
F	Below 39.4

### **Attendance Policy**

**University Policy:** As stated in the University’s [Class Attendance Policy](#), no right or privilege exists that permits a student to be absent from any class meetings, except for these University Approved Absences:

1. Authorized University activities
2. Disability/religious observance/pregnancy, as required by law and approved by [Accessibility Resources and Service](#) and/or the [Equal Opportunity and Compliance Office](#) (EOC)
3. Significant health condition and/or personal/family emergency as approved by the [Office of the Dean of Students](#), [Gender Violence Service Coordinators](#), and/or the [Equal Opportunity and Compliance Office](#) (EOC).

**Class Policy:** Instructors may work with students to meet attendance needs that do not fall within University approved absences. For situations when an absence is not University approved (e.g., a job interview or club activity), instructors determine their own approach to missed classes and make-up assessment and assignments.

**University Approved Absence Office (UAAO):** The [UAAO](#) website provides information and FAQs for students and faculty related to University Approved Absences.

**Note:** Instructors have the authority to make academic adjustments without official notice from the UAAO. In other words, it is not required for instructors to receive a University Approved Absence notification in order to work with a student. In fact, instructors are encouraged to work directly with students when possible.

### **Honor Code**

All students are expected to follow the guidelines of the UNC honor code. In particular, students are expected to refrain from “lying, cheating, or stealing” in the academic context. If you are unsure about which actions violate the honor code, please see me or consult [honor.unc.edu](http://honor.unc.edu).

### **Spring 2022 Course Delivery (College of Arts and Sciences)**

As long as it is possible to do so safely, we will be meeting in person this semester. I understand the ongoing COVID-19 pandemic may require changes to this plan and will be monitoring the situation closely. If I need to change the format of the course temporarily due to outbreaks of illness, I will announce this via email and the course Sakai site.

### **Mask Use (In-Person Instruction Modes)**

This semester, while we are in the midst of a global pandemic, all enrolled students are required to wear a mask covering your mouth and nose at all times in our classroom. This requirement is to protect our educational community—your classmates and me—as we learn together. If you choose not to wear a mask, or wear it improperly, I will ask you to leave immediately, and I will submit a report to the [Office of Student Conduct](#). Students who have an authorized accommodation from Accessibility Resources and Service have an exception. For additional information, see [Carolina Together](#).

### **Acceptable Use Policy**

By attending the University of North Carolina at Chapel Hill, you agree to abide by the University of North Carolina at Chapel Hill policies related to the acceptable use of IT systems and services. The Acceptable Use Policy (AUP) sets the expectation that you will use the University’s technology resources responsibly, consistent with the University’s mission. In the context of a class, it’s quite likely you will participate in online activities that could include personal information about you or your peers, and the AUP addresses your obligations to protect the privacy of class participants. In addition, the AUP addresses matters of others’ intellectual property, including copyright. These are only a couple of typical examples, so you should consult the full [Information Technology Acceptable Use Policy](#), which covers topics related to using digital resources, such as privacy, confidentiality, and intellectual property.

Additionally, consult the University website “[Safe Computing at UNC](#)” for information about the data security policies, updates, and tips on keeping your identity, information, and devices safe.

### **Accessibility Resources and Services**

The University of North Carolina at Chapel Hill facilitates the implementation of reasonable accommodations, including resources and services, for students with disabilities, including mental health disorders, chronic medical conditions, a temporary disability or pregnancy complications resulting in barriers to fully accessing University courses, programs and activities.

Accommodations are determined through the Office of Accessibility Resources and Service (ARS) for individuals with documented qualifying disabilities in accordance with applicable state and federal laws. See the ARS Website for contact information: <https://ars.unc.edu> or email [ars@unc.edu](mailto:ars@unc.edu).

### **Counseling and Psychological Services**

CAPS is strongly committed to addressing the mental health needs of a diverse student body through timely access to consultation and connection to clinically appropriate services, whether for short or long-term needs. Go to their website: <https://caps.unc.edu/> or visit their facilities on the third floor of the Campus Health Services building for a walk-in evaluation to learn more. Students can also call CAPS 24/7 at 919-966-3658 for immediate support.

### **Title IX Resources**

Any student who is impacted by discrimination, harassment, interpersonal (relationship) violence, sexual violence, sexual exploitation, or stalking is encouraged to seek resources on campus or in the community. Reports can be made online to the EOC at <https://eoc.unc.edu/report-an-incident/>. Please

contact the University's Title IX Coordinator (Elizabeth Hall, interim—[titleixcoordinator@unc.edu](mailto:titleixcoordinator@unc.edu)), Report and Response Coordinators in the Equal Opportunity and Compliance Office ([reportandresponse@unc.edu](mailto:reportandresponse@unc.edu)), Counseling and Psychological Services (confidential), or the Gender Violence Services Coordinators ([gvsc@unc.edu](mailto:gvsc@unc.edu); confidential) to discuss your specific needs. Additional resources are available at [safe.unc.edu](http://safe.unc.edu).

### **Policy on Non-Discrimination**

The University is committed to providing an inclusive and welcoming environment for all members of our community and to ensuring that educational and employment decisions are based on individuals' abilities and qualifications. Consistent with this principle and applicable laws, the University's [Policy Statement on Non-Discrimination](#) offers access to its educational programs and activities as well as employment terms and conditions without respect to race, color, gender, national origin, age, religion, creed, genetic information, disability, veteran's status, sexual orientation, gender identity or gender expression. Such a policy ensures that only relevant factors are considered and that equitable and consistent standards of conduct and performance are applied.

If you are experiencing harassment or discrimination, you can seek assistance and file a report through the Report and Response Coordinators (see contact info at [safe.unc.edu](http://safe.unc.edu)) or the [Equal Opportunity and Compliance Office](#), or online to the EOC at <https://eoc.unc.edu/report-an-incident/>.

### **Diversity Statement**

I value the perspectives of individuals from all backgrounds reflecting the diversity of our students. I broadly define diversity to include race, gender identity, national origin, ethnicity, religion, social class, age, sexual orientation, political background, and physical and learning ability. I strive to make this classroom an inclusive space for all students. Please let me know if there is anything I can do to improve. I appreciate suggestions.

### **Undergraduate Testing Center**

The College of Arts and Sciences provides a secure, proctored environment in which exams can be taken. The center works with instructors to proctor exams for their undergraduate students who are not registered with ARS and who do not need testing accommodations as provided by ARS. In other words, the Center provides a proctored testing environment for students who are unable to take an exam at the normally scheduled time (with pre-arrangement by your instructor). For more information, visit <http://testingcenter.web.unc.edu/>.

### **Learning Center**

Want to get the most out of this course or others this semester? Visit UNC's Learning Center at <http://learningcenter.unc.edu> to make an appointment or register for an event. Their free, popular programs will help you optimize your academic performance. Try academic coaching, peer tutoring, STEM support, ADHD/LD services, workshops and study camps, or review tips and tools available on the website.

### **Writing Center**

For free feedback on any course writing projects, check out UNC's Writing Center. Writing Center coaches can assist with any writing project, including multimedia projects and application essays, at any stage of the writing process. You don't even need a draft to come visit. To schedule a 45-minute appointment, review quick tips, or request written feedback online, visit <http://writingcenter.unc.edu>.

### **Grade Appeal Process**

If you feel you have been awarded an incorrect grade, please discuss with me. If we cannot resolve the issue, you may talk to our departmental director of undergraduate studies or appeal the grade through a formal university process based on arithmetic/clerical error, arbitrariness, discrimination, harassment, or personal malice. To learn more, go to the [Academic Advising Program](#) website.