

**Financial Economics  
ECON 315  
Morton 38  
Tuesdays and Thursdays 12:30-1:50  
Spring 2017**

**Instructor: Peter Atwater  
Tyler 462  
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**Course Objective:** By the end of the semester you should have a firm grasp of the fundamental theories, concepts and formulas associated with financial decisions. You should also understand their routine application in practice and how they are relevant to today's financial markets.

You should know the why, the how and the how now.

**Course Description:** We will focus on the roles of time, expectations and uncertainty in consumer, corporate and public sector borrowing, investing, hedging and insuring decisions. Topics will include a general overview of the financial system and capital markets, the time value of money, discounted cash flow analysis, valuation models, risk management, asset pricing and basic portfolio management.

This class is intended to be a launch point for greater exploration into the topics covered.

**Class Format:** A variety of teaching methods will be used to meet course objectives, including: lectures, problem sets, case studies and discussions of current financial topics. Classes will typically begin with a review of the homework assignment or a conceptual question, followed by a lecture and demonstration of new material. Problem sets will be used extensively to reinforce important concepts and techniques. Students will then practice the use of newly introduced concepts by solving problems or participating in class exercises designed to demonstrate practical applications.

**Texts:** There are no required texts for this course. Note and problem sets for the material to be covered in this class, along with other pertinent handouts, will be made available on Blackboard as the class progresses. *Texts on financial economics (e.g. Financial Economics, by Bodie, Merton and Cleeton - Prentice-Hall) or financial management and investment management (e.g. Essentials of Investments, by Bodie, Kane and Marcus - McGrawHill) can be used for reference, if desired.*

**Other Requirements:** You will need a calculator for all quizzes and exams. A Financial/Business calculator such as HP12C or TI BAII Plus is highly recommended.

**Reading:** Throughout the course, I will assign news articles drawn from major current financial events. It is your responsibility to read all assigned material and to come prepared to discuss how the concepts covered in class may apply.

**Instructor Office Hours/Availability:** I will be on campus Tuesdays, Wednesdays and Thursdays with office hours on Wednesday from 9-12 and 2-5. I will be happy to meet with you then or before or after class. Just let me know when you would like to meet.

I am also available via email at [pwatwater@wm.edu](mailto:pwatwater@wm.edu). Emails sent after 9 pm are likely to be answered early the following morning.

### **Useful Dates:**

January 27 Add/drop period ends (Friday)  
March 4-12 Spring Break (Saturday-Sunday)  
March 17 Last day to withdraw from a course (Friday)

### **Special Accommodations:**

#### **Accommodation for Students with Disabilities**

If you believe you need an accommodation for a disability, please let me know as soon as possible. Some aspects of this course may be modified to facilitate your participation and progress. As soon as you make me aware of your needs, we can work with the Dean of Students Office (221-2510) to help us determine appropriate accommodations. I will treat any information you provide as private and confidential. Such notice must be given by February 1, 2017.

#### **Religious Holiday Statement**

I will make every reasonable effort to allow members of the College community to observe their religious holidays without academic penalty. However, it is your obligation to provide me with reasonable notice of the dates of religious holidays on which you will be absent. Such notice must be given by February 1, 2017.

#### **Student-Athletes**

You must provide me with a letter from your coach indicating that you are in fact a member of the team, and the dates and times you will be out of town. I need these letters printed on letterhead and turned in to me no later than February 1, 2017.

### **Course Requirements and Evaluation**

**Class Etiquette:** Please, no electronics.

**Attendance:** Students are expected to attend all classes and to be on time for all class meetings. However, if you notify me by email, you will be allowed three absences from class without the need for documentation or excuse. This includes personal and medical absences.

In the case of an extended absence (more than three consecutive classes) you will need to provide documentation from the Dean of Students. Otherwise, any unexcused absences beyond three, extended absences not confirmed by the Dean of Students office, and/or repeated late arrival to/early departures from class will affect your final grade.

**Homework:** Homework assignments will not be collected or graded. Homework problems and questions, along with problems and questions done in class will be representative of, and prepare you for, what you can expect on quizzes and exams so it is suggested that you complete assigned problems before coming to class.

**Quizzes:** Unannounced quizzes will be based on prior class lectures and associated homework assignments. Students who miss a class are responsible for that day's lecture material and for the material used on any quiz given at subsequent class meetings. **There will be no make-up quizzes.**

**Exams:** Exams will consist of questions and problems that are similar to those covered in the lecture and on homework assignments. Make up exams will only be given to students for whom special accommodation has been arranged. (See above.)

The final exam will be comprehensive and will be held on Friday May 5th from 9 to 12.

**Academic Honesty:** All assignments are to be completed in adherence with the Honor Code.

**Grade Calculation:**

Attendance      5%  
Quizzes            10%  
Exams (4)        85% (weighted 15%, 20%, 20% and 30%)

**Grade Scale:**

A = 94 - 100	B+ = 86 - 89	C+ = 76 - 79	D+ = 65 - 69
A- = 90 - 93	B = 84 - 85	C = 74 - 75	D = 60 - 64
	B- = 80 - 82	C- = 70 - 73	F = Below 60

Note: The instructor reserves the right to modify the course requirements, assignments, grading procedures, and other related policies as circumstances dictate.

### Tentative Course Schedule

Jan 19	Class 1	Course Introduction/ The Financial System (Set 1)
Jan 24	Class 2	The Financial Environment (Set1)
Jan 27	Class 3	The Financial Environment /Financial Statement Analysis (Sets 1&2)
Jan 31	Class 4	Financial Statement Analysis (Set 2)
Feb 2	Class 5	Financial Statement Analysis (Set 2)
Feb 7	Class 6	Time Value of Money (Set 3)
Feb 9	Class 7	Time Value of Money (Set 3)
Feb 14	Class 8	<b>Exam #1</b>
Feb 16	Class 9	Time Value of Money/Saving & Consumption (Set 3&4)
Feb 21	Class 10	Saving & Consumption/Investment Decisions (Set 4&5)
Feb 23	Class 11	Investment Decisions (Set 5)
Feb 28	Class 12	Investment Decisions /General Asset Valuation (Set 5&6)
Mar 2	Class 13	General Asset Valuation/Fixed Income Valuation (Set 6&7)
Mar 4-12		<b>Spring Break</b>
Mar 14	Class 14	Fixed Income Valuation (Set 7)
Mar 16	Class 15	<b>Exam #2</b>
Mar 21	Class 16	Stock Valuation (Set 8)
Mar 23	Class 17	Stock Valuation (Set 8)

Mar 28	Class 18	Risk & Risk Control/Risk Control Measures (Set 9&10)
Mar 30	Class 19	Risk Control Measures (Set 10)
Apr 4	Class 20	Risk Control Measures/Portfolio Selection & Diversification (Set 10&11)
Apr 6	Class 21	Portfolio Selection & Diversification (Set 11)
Apr 11	Class 22	<b>Exam #3</b>
Apr 13	Class 23	CAPM/Three Factor Model (Set 12)
Apr 18	Class 24	CAPM/Three Factor Model/Futures Contracts (Set 12&13)
Apr 20	Class 25	Futures Contracts (Set 13)
Apr 25	Class 26	Futures Contracts/Options (Set 13&14)
Apr 27	Class 27	Options (Set 14)
May 5	Class 28	<b>Final Exam (Friday, May 5th from 9:00AM to 12:00PM)</b>