



CREATED BY BEM & EUROMED MANAGEMENT

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INVESTMENT BANKING
PO Finance
S6 , 2020 – 2021

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OFFICE HOURS	By appointment only

Kedge Business School and its professors, encourage you to use your Pro-Acts, company projects and internships as privileged opportunities to apply the reflexions, theories, concepts and tools presented during this course

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INTRODUCTION AND OBJECTIVES

Course Purpose & Objectives

In this course, we focus on investment banks and alternate investment vehicles such as Hedge Funds. We introduce market trading, valuation and portfolio investment. We also introduce students to the inner world of psychology in finance and sustainable investing.

Courses description

Risk and Return, S&P 500 stock Index, Earnings Yield as the fundamental quantum to understand how assets are priced, Portfolio management, Sustainable Investing.

Contribution to Learnings Goals

KM1. Understand and Integrate Core Management Disciplines

Students will learn the fundamentals of management of alternative investments

KM2. Developing a strategic perspective

Through the case method students will learn the keys to doing good due diligence in a hedge fund context and have the basics for advising a wealthy family for their sustainable investments.

COURSE MATERIAL

There are no textbooks for this course. On the other hand, an extensive collection of pdf articles will be posted online for students as well as Excel spreadsheets and my PowerPoint Lecture notes. In each case, the material will be posted as a package prior to the lecture. The readings are a collection of references for you to consult if you are curious to dig deeper and want to know more. Over the years, I have collected really good references (hard to find). In some cases, I will assign a reading or video to watch for a quiz the day after. These readings and videos will be clearly announced

ALL the material is posted on DROPBOX (so you need to get a google account). Here is the link:

IMPORTANT: I will ask you not to use your laptop during the class unless I instruct you to do so. No cell phones during the class. I recommend that you PRINT my ppt slides IN ADVANCE.

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COURSE CONTENTS AND TIMETABLE

SESSIONS	TOPIC	PRELIMINARY READING(S) or videos	ADDITIONAL READING(S) AND ASSIGNMENTS
1 (3h)	What is Investment Banking, Money, and Mindful Finance?	See reading list posted on Dropbox. Videos URLs will be sent by email.	
2 (3h)	Risk and Return: From Modern Portfolio Theory to Extreme Events and Systemic Risk.	Same	
3 (3h)	Portfolio (Sustainable) Investing and Final Exam Case introduction	Same	Quiz 1
4 (3h)	Stock Market Valuation, Risk Premia and Technical Analysis	Same	
5 (3h)	Application: Picking Stocks	--	Quiz 2
6 (3h)	Investment Banking , the IPO process and PE and VCs	--	
7 (3h)	Basics of Portfolio Performance and Hedge Funds	--	Quiz 3
8 (3h)	Preparation for Exam	Case posted in Session 8 material	
9 (3h)	In-class Exam	--	Quiz 4

INVESTMENT BANK OPERATIONS

TEACHING APPROACH/ INSTRUCTIONAL METHODS

A Word of Advice

As a *teacher* I have the following responsibilities:

1. Come prepared to every class.
2. Plan my class so you can accomplish the cognitive objectives listed in the syllabus.
3. Treat you as responsible adults.
4. Realize that it is not necessarily your fault if you don't understand the material.
5. Create a mutually engaging and respectful class environment.
6. Encourage you to **be involved** in class: that is, to be engaged in expressing your viewpoint.

As a *student* you have the following responsibilities:

1. Come prepared to every class.
2. Complete all work on time with proper thought.
3. Behave as responsible adults.
4. Consider that it is not always my fault if you don't understand the material.
5. Be respectful of other people's opinions.
6. Approach the course with a *willingness* to be engaged in dialogs (with the teacher and classmates).

Recommendations on how to study:

For your success in this course (and in your life as an executive),

I recommend that you practice the following:

1. Take notes in class on the left hand side of my PowerPoint lecture handouts. Especially when I say or when you feel that I am placing a *special* emphasis on a particular problem or concept. I cannot emphasize enough that part of learning is to *read signals* from the teacher!!! (Everything is *not* on equal footing).
2. After class, spend *about 5 minutes* to create queue cards summarizing the lecture slides. This will ease the pain of studying for the exams, and help you connect material in your own mind.
3. Spend at least one *½ hour per week*, going over the lectures with someone else in the class, and make a point of going over the concepts and translating them into your own words. Within that ½ hours, pick a couple of problems similar to those I will have covered in class and attempt to do them. I will be more than happy to help you with those if you need consultation.

Organization of the sessions

Attendance policy

Attendance is the first step to participation. I expect all my students to attend class, and will take attendance on a semi-regular basis. I will accept legitimate excuses under special and unique circumstance (see below). In general, poor attendance reflects in a poor debating skill grade.

Missing Exams/Quizzes

No makeup exams or quizzes will be given. It is impossible to make an equivalent exam or quiz without placing the student at either an advantage or disadvantage. If a student misses one exam/quiz **without a legitimate excuse**, s(he) will receive a grade of zero for that exam/quiz. If a student misses one quiz **with a legitimate excuse**, s(he) can apply the best grade on one of the following quizzes (if applicable) to the missed one.

Legitimate reasons	Due to illness	Note from doctor
	Due to business	Note from supervisor
	Unfortunate death in the family	Note from family member
	Other	on a case by case basis

Please read carefully: I must be informed at least one hour before the exam starts to count as an excused absence. If you cannot reach me, leave a message on my answering machine (indicate the time) or by e-mail.

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Notifying me after this deadline will result in a grade of zero for that exam. Your excuse should be submitted before the semester's end, and must contain a phone number so that your absence can be verified. **Failure to follow the guidelines will mean that you forfeit the excused absence option.**

Professional Ethics

Although I will entrust you to behave ethically, plagiarism or any forms of cheating are prohibited. Individual assignments should be done individually without outside help (which includes past students or solutions). Whenever a group project is assigned, the group alone should do the project. The penalty for such behaviors is an F for the course and referral to the judiciary board.

Professional Behavior

Tardiness: Please arrive on time. If you arrive later than the start of the class, please quietly take a seat nearest the entrance. Please try not to walk in front of the classroom, as this disturbs the flow of the lecture. My **5 minutes policy**: I understand that you may be late for reasons outside your control. On the other hand, a student arriving more than 5 minutes late creates great disruption. The 5 minutes policy stipulates that the classroom door will be shut and no students will be allowed in the classroom if *more than* 5 minutes late.

Inattention: Please do not read other books or newspaper, or study for other courses, or browse the internet during my class. It is not polite. The Buddhists have a saying: "Be here now!" Please join in the individual and group discussions; we're glad you are with us! This will help your mastery of the material.

The two minutes paper:

At the end of each **lecture**, and for each member of a **constituted group of 4 people** I require that you spend a couple of minutes answering (**anonymously**) the following questions on a small piece of paper:

1. What concepts or ideas did you find the clearest?
2. What concepts or ideas do you think were the least clear?

The group captain (selected within the group) will be responsible to gather the answers within the group and e-mail me a **summary** (anonymous) of the responses using the **e-mail function** by **9:00pm the same day**. The group captain will receive **2 extra** points on the participation grade for doing a good job.

EVALUATION OF STUDENT PERFORMANCE

DELIVERABLE	%
Final Exam	60%
In-class assignments + daily quizzes	40%

Methods Used to Evaluate Student Performance

Individual Assignments

Rubric	Below Requirement	Meets Requirements	Exceeds Requirements
Analytical and Synthetic skills	Misapplies or does not have an intuitive grasp of the tools of portfolio	Ability to use the tools of portfolio management in a context of a sustainable	Is able to creatively use the tools of portfolio management to analyze complex situations

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	management presented in simple applications	mutual fund or a Hedge fund operation	requiring risk management and valuation techniques
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Dr. Christophe Faugère
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Christophe Faugère (pronounce Fo-Jair) obtained his Ph.D. in Economics from the University of Rochester, USA, in 1993 and a Masters in Mathematical Economics in 1987 from the University of Toulouse. He is currently Professor of Finance and Economics and was Chair of the Finance and Economics Dept. at Kedge Business School, Bordeaux. Prior, he was an Associate Professor and Chair of the Finance Department at the UAlbany School of Business, NY, USA.

Christophe has taught courses in Investments, Corporate Finance, Derivatives, Fixed Income, Macroeconomics and Monetary Economics at the graduate and undergraduate levels, as well as in executive programs in the US. In 2006, he received the UAlbany School of Business Harold L. Cannon memorial award for best teacher at the undergraduate level and was voted best professor in the UAlbany School of Business MBA program in 2002. His preferred areas of teaching are stock market valuation, modern portfolio theory, asset pricing, market risk premia, financial crises, monetary policy, ethics and behavioral finance.

His current research focuses on ethics, financial markets and monetary economics. In particular, his main research program is on models of asset valuation (gold, Treasuries, stock indexes) based on combining rational and irrational investor behavior. He is the co-inventor of **Required Yield Theory**; one of the most accurate theory for valuing the S&P 500 and gold. He has extensively published in top tier US academic journals such as the *Journal of Portfolio Management* and *Financial Markets, Institutions & Instruments*. One of his published articles on "Sell Discipline" received extensive coverage in the *New York Times* and *International Herald Tribune* in 2004.

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ACADEMIC FRAUD

Definition of Academic fraud. It is a breach of ethics. Fraud “is achieved using unfair means or deception, to obtain material or undue moral advantage, or with the intent to avoid the enforcement of laws”. (Translated from the original source: Dictionnaire Juridique des Lois, 2010, available at: www.dictionnaire-juridique.com/definition/fraude/php) Plagiarism consists of attributing authorship by (partial or total) copying, imitation or misappropriation.

The act of fraud is committed by one or more students/participants when they:

- appropriate written or oral work to themselves when they are not the author (in whole or in part) of the work, by omitting any references or quotations to the author or to the owner of the work
- present any data that has been falsified or invented in any way;
- use the identity of the author, attributing the contents of and/or a resource to him/her, but without explicitly mentioning that they are not the author;
- appropriate the creative work of someone else and present it as their own;
- acquire excerpts of texts, images, results etc. from external sources by including them in their own work without mentioning the origins of the excerpts;
- summarise the original idea of an author by expressing it in their own words but omit quoting the source;
- cheat in an academic evaluation.

Plagiarism can occur in:

- an academic article or book;
- an exercise or a case study;
- a study or a report;
- a dissertation or a thesis;
- any document of which the student/participant is not, but purports to be the author.

Sanctions

Any student/participant having committed academic fraud, or having participated in it, will be sanctioned by the professor in charge of the course. The professor can apply 1st and 2nd level sanctions (detailed below). The professor will send a copy of the sanction to the student's/participant's programme. The student/participant will be informed/and or convoked by the programme director (or his/her representative) to a hearing prior to the possible convening of the Kedge Business School Disciplinary Council. In the case of a hearing of the Disciplinary Council, they can decide to apply 3rd and 4th level of sanctions.

Any student/participant guilty of academic fraud will receive one of the following sanctions:

- Applied by the professor in charge of the course, Kedge Business School faculty member (1st and 2nd level):
 - A grade of zero for the work concerned and a formal warning;
 - A grade of zero for the course or module concerned and a formal warning.
- Applied by Kedge Business School's Disciplinary Council (3rd and 4th level):
 - Suspension from the programme for one or two semesters;
 - Exclusion from the programme.

N.B.: Plagiarism within a partner institution can result in these sanctions being applied by Kedge Business School, notwithstanding partner's decision.