

MONEY AND CAPITAL MARKETS -FINANCE 6246
PROFESSOR MILES LIVINGSTON U. OF FLORIDA

Course Outline

This course will cover Money and Capital Markets.

TEXTBOOK. The textbook for the course is *Bonds and Bond Derivatives 2nd edition*, by Miles Livingston, published by Blackwell publishing.

POWERPOINT SLIDES AND HOMEWORK SOLUTIONS. I will try to post PowerPoint slides and solutions to the homework problems in the book on the Vista web site. Many of the PowerPoint slides also are posted on my Bear web site, including the answers to the homework problems in the book. Web site: <http://bear.cba.ufl.edu/livingston>. If you want to print items from the website, it is generally best to save them first on your computer and then print. I will be distributing several articles on specific topics during the course of the semester.

GRADES. Grades in the course will be determined by 3 group projects (30 percent of total grade), homework assignments (20 percent of total grade), class participation (10% of total grade) and in-class exams and quizzes (40 percent of total grade). Beginning with the second-class, there will be homework assignments to hand in and group projects to be discussed in class.

HOMEWORKS SUBMISSION. You may submit homework assignments by fax, by mail, electronically by e-mail to my e-mail address <mailto:miles.livingston@cba.ufl.edu> **and** to the e-mail address of my assistant <mailto:Brian.Walkup@CBA.UFL.edu>, or to the class web site. Group projects should be sent to my e-mail address. Homework assignments submitted electronically should be sent to the e-mail address of my assistant. Some students have difficulty sending e-mail to the university system. If you believe this to be the case, submit your assignments to the class web site.

If you submit things electronically, please put the course number in the subject field for homework assignments and the team number in the subject field for group assignments. For group assignments, please include the team number in the filename and list the team number and team members on the first page of the report.

I would like to receive homework assignments by midnight of the Monday morning before the next class. We will try to grade the homework assignments and have them in your mailboxes by Friday afternoon. In addition, I intend to post the solutions on the web site by Wednesday at noon.

WEEKLY EXAMS. Beginning with the class on Saturday, Weekend II, there will be a one-hour exam (following a question-and-answer period) during the first class each weekend. The exam will be on the homework and the material covered in the previous weekend classes. You will be allowed to bring a sheet of paper (8.5 inches by 11

inches) with notes and formulas. Please bring your calculator to these exams.

On Weekends II, III, and IV, several groups will be required to present their projects.

My contact information is the following:

Miles Livingston
University of Florida
PO Box 117168
Gainesville, FL 32611-7168
E-mail: <mailto:miles.livingston@cba.ufl.edu>
Telephone: 352-392-4316
Fax: 352-392-0301
Bear Website: <http://bear.cba.ufl.edu/livingston>

My assistant is Brian Walkup and his e-mail address is:
<mailto:Brian.Walkup@CBA.UFL.edu>

TENTATIVE SCHEDULE:

Sunday, Weekend I.

Introduction to course and review.
Present Value Calculations, Livingston Chapter 4.
You should review the material in Livingston chapters 1, 2 and 3.

Saturday and Sunday. Weekend II.

Risks of Bond Investing, Livingston Chapter 6.
Nonflat term structure, Livingston Chapter 7.
Group Projects on US Domestic Equity Mutual Funds.
Presentation of Group Projects by Groups 1-4.

Saturday and Sunday, Weekend III.

Arbitrage. Livingston, Chapter 8.
The Term Structure of Interest Rates, Chapter 9.
Bond Ratings, Livingston, Chapter 10.
Group Project on Exchange Traded Mutual Funds.
Presentation of Group Projects by Groups 5-8.

Saturday and Sunday, Weekend IV. Weekend III.

Options and Callable Bonds. Livingston, Chapter 11, 12.
Mortgages, Chapter 13.
Group Projects on a Publicly Traded Alternative Energy or Energy Conservation Company.
Presentation of Group Projects by Groups 9-12.

Saturday, Weekend V.

Futures Contracts, Livingston, Chapter 14 and 15.

INFORMATION ABOUT GROUP PROJECTS. Group reports should be approximately five pages long, apart from appendices. Please include references. I will distribute more details on the group projects. I would like to receive the group projects by Wednesday at noon before the next Saturday class.

For the first group projects, you are required to take an actively-traded, no-load domestic equity mutual fund with assets no bigger than \$10 billion. In order to ensure that each group takes a different mutual fund, an Excel file will be circulated for the individual groups to sign up for specific mutual funds. I will initiate the Excel worksheet. After each group adds that their choice, the revised Excel worksheet should be e-mailed to me and to the entire class.

For the group projects on exchange traded mutual funds, you may pick a fund with any objective.

For the reports on Alternative Energy Companies, you may pick a company other than oil or natural gas. I would like you to pick a company that is involved in some new technology to generate or use energy more efficiently. The company should be publicly traded. You may analyze a company that is traded in the United States or in a foreign country. Using companies that are exclusively traded in foreign markets may involve difficulties of getting information. Such companies may be poor choices for your report.