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# Economics 163A

## Economics of Investments: Stocks and Bonds

University of California, Merced

M/W/F 4:00 PM – 6:20 PM Remote Instruction (Zoom)

May 26 – July 2, 2026

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### Instructor Information

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**Instructor** Zerin Dong

**Email** zdong12@ucmerced.edu

**OH:** W & F: 2:30-3:30 pm, online via Zoom or COB1 390-01

### Course Description

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This course covers the fundamentals of stocks and bonds, including valuation methods and models. Students will analyze financial statements, understand the impact of macroeconomic factors on stock prices, and apply modern portfolio theory to construct efficient and diversified portfolios while balancing risk and return.

### Course Learning Outcomes

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At the end of this course you should be able to:

- (1) Explain the fundamental concepts of stocks and bonds, including their roles in the financial market and how they generate returns for investors. (*PLO 2*)
- (2) Demonstrate proficiency in using financial tools and techniques, such as valuation methods, to evaluate the potential of various stocks and bonds and make informed investment decisions. (*PLOs 1, 2*)
- (3) Utilize financial analysis techniques to assess the performance and valuation of individual stocks and bonds, as well as diversified portfolios. (*PLOs 1, 2*)
- (4) Identify and assess different investment strategies for stocks and bonds, such as growth versus value investing, and active versus passive management. (*PLOs 1, 2*)
- (5) Apply basic portfolio theory principles, such as diversification and asset allocation, to create a well-balanced portfolio that aligns with individual risk tolerance and financial goals. (*PLOs 1, 2*)
- (6) Develop the ability to communicate complex financial concepts in a clear and concise manner, utilizing persuasive writing techniques to effectively convey an understanding of investment strategies. (*PLOs 2, 3, 4*)

## Program Learning Outcomes (PLOs) for Management and Business Economics

1. Describe the underlying economic incentives and tradeoffs associated with the decisions made by individuals, firms, organizations, institutions and governments.
2. Apply theories and concepts from disciplines in Management and Business Economics (e.g. accounting, economics, statistics, finance, and marketing) to business management situations.
3. Communicate clearly and cogently in written and oral form within professional and academic environments.
4. Design and conduct research that can inform managerial and economic policy making by collecting, analyzing and interpreting data using relevant software.
5. Describe and evaluate the relevant ethical and social issues associated with different economic and business ventures.

## Required Texts

**Primary:** Bodie, Kane and Marcus. *Essentials of Investments*, 13th Ed. (2024). Earlier editions are acceptable.

**Recommended:** Malkiel, Burton G. *The Random Walk Guide to Investing* (2003).

Supplement with *The Financial Times* ([ft.com](https://www.ft.com)) or *The Wall Street Journal* ([wsj.com](https://www.wsj.com)).

## Grading

Component	Weight
4 Problem Sets	15%
In-Class Mini Quizzes / Class Participation	15%
Stock Simulation Project	15%
2 Exams (20% each)	40%
Personal Investment Strategy Paper (Individual)	15%
<b>Total</b>	<b>100%</b>

*Note: The lowest 3 quizzes will be dropped.*

## Grading Scale

A+	98–100	B+	87–89.99	C+	77–79.99
A	93–97.99	B	83–86.99	C	73–76.99
A-	90–92.99	B-	80–82.99	C-	70–72.99
		D+	67–69.99	D	63–66.99
		D-	60–62.99	F	Below 60

## Key Dates at a Glance

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### Exams

Exam	Date	Material Covered
Exam #1	Friday, June 12	Ch. 1–4, 10–11
Exam #2	Friday, June 26	h. 5–9, 12–14

All exams are **open book and open note**. You may use your textbook, notes, and one handwritten cheat sheet.

*AI tools, financial calculator, and collaboration with other students are not permitted.*

All exams must be **handwritten**. You will be required to write your answers by hand on paper, and submit a scanned or photographed copy via CatCourse.

*Camera must be on for the full duration of every exam.* (see Camera Policy).

### Problem Sets

Assignment	Due Date
PS #1	Wednesday, June 3
PS #2	Wednesday, June 10
PS #3	Wednesday, June 17
PS #4	Wednesday, June 24

Problem sets are due by 11:59 pm via Canvas as a single PDF. Late submissions are not accepted.

### Lecture Schedule

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Classes meet Monday, Wednesday, and Friday, 4:00–6:20 PM via Zoom. Two sessions (June 29 & July 1) are cancelled due to instructor travel and are designated *Investment Paper & Stock Simulation Project Work Days*. *Note: Chapters 5–8 are quantitatively dense. Students are strongly encouraged to pre-read these chapters before the relevant sessions.*

Date	Topic	Reading	Due
<i>Week 1</i>			
<b>Wed, May 27</b>	Overview of Course; Intro to Investments	Ch. 1	
<b>Fri, May 29</b>	Financial Instruments & Markets	Ch. 2–3	
<i>Week 2</i>			
<b>Mon, Jun 01</b>	Mutual Funds & Investment Companies	Ch. 4	
<b>Wed, Jun 03</b>	Intro to Bonds; Bond Pricing	Ch. 10	PS #1 due
<b>Fri, Jun 05</b>	Bond Yields & Managing Bond Portfolio	Ch. 11	

Date	Topic	Reading	Due
<i>Week 3</i>			
<b>Mon, Jun 08</b>	Stock Valuation: DDM & Intrinsic Value	Ch. 13	
<b>Wed, Jun 10</b>	Financial Statements & Projecting Cash Flow	Ch. 14	PS #2 due
<b>Fri, Jun 12</b>	<b>EXAM #1</b> (Ch. 1–4, 10–11)		
<i>Week 4</i>			
<b>Mon, Jun 15</b>	Top-Down Analysis & Macroeconomics	Ch. 12	
<b>Wed, Jun 17</b>	Technical Analysis & Behavioral Finance	Ch. 9	PS #3 due
<b>Fri, Jun 19</b>	Measuring Risk & Return	Ch. 5	
<i>Week 5</i>			
<b>Mon, Jun 22</b>	Portfolio Theory & Choice	Ch. 6	
<b>Wed, Jun 24</b>	CAPM & Efficient Market Hypothesis	Ch. 7–8	PS #4 due
<b>Fri, Jun 26</b>	<b>EXAM #2</b> (Ch. 5–9, 12–14)		
<i>Week 6</i>			
<b>Mon, Jun 29</b>	<i>No Class — Investment Paper &amp; Stock Simulation Work Day</i>	—	<i>Instructor travel</i>
<b>Wed, Jul 01</b>	<i>No Class — Investment Paper &amp; Stock Simulation Work Day</i>	—	<i>Instructor travel</i>

## Attendance Policy

Attendance is recorded each session via an in-class quiz that must be answered on Canvas *during class*. Students must be on camera to receive attendance credit.

- Three (3) absences will be dropped at the end of the semester.
- Full attendance credit requires attending at least 11 of 14 class meetings.
- Attending more than 11 sessions earns extra credit toward your attendance grade.
- Falsifying attendance is a serious academic integrity violation. Penalties: 1st offense — 25% deduction from attendance grade; 2nd offense — 50% deduction; 3rd offense — 0% attendance grade and a formal academic integrity report.

## Online Course & Camera Policy

This course is delivered entirely online via Zoom. All students are expected to join each session from a quiet, well-lit environment and maintain a professional presence throughout.

- **Camera on is required for all class sessions.** Students must have their video enabled during lecture, discussion, and all in-class activities.
- Attendance credit will not be awarded to students whose camera is off. The in-class question can only be answered by students who are visibly present on video.
- **Camera on is strictly required for all exams.** Students who do not have their camera on at the start of — and throughout — an exam will **not be permitted to take the exam** and will receive a score of **zero**. No exceptions will be made. This applies to all exams.
- If you have a documented technical issue preventing camera use (e.g., broken webcam), you must notify the instructor **at least 24 hours in advance**. Accommodations are considered on a case-by-case basis and are not guaranteed.

**Exam Camera Warning:** Joining an exam without your camera on — for any reason — will result in a zero for that exam. Please test your camera and internet connection *before* each exam day.

## Academic Integrity & AI Policy

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Students are expected to adhere to the UC Merced Academic Honor Code. Any form of cheating or plagiarism will result in failing the course. See [studentconduct.ucmerced.edu](https://studentconduct.ucmerced.edu) for the full policy.

### AI Tools (ChatGPT, etc.)

AI tools *may* be used to:

- Clarify confusing concepts or definitions
- Verify answers after attempting problems independently
- Review steps in a solution to identify errors
- Improve clarity, grammar, or organization of writing you have already produced

AI tools *may not* be used to:

- Generate original content, analysis, or arguments
- Select investments or interpret economic data on your behalf
- Complete assignments without meaningful personal effort
- Assist in any form during exams (AI tools are prohibited during exams)

All problem sets, quizzes, and exams require students to follow the exact methods, steps, and rubrics provided in the course materials. *Solutions that do not follow the prescribed approach will not receive credit, regardless of whether the final answer is correct.* This policy ensures that students demonstrate genuine understanding of the course material.

All substantive ideas, reasoning, and analysis must originate from the student. Misuse of AI constitutes academic dishonesty and may result in failing the course and further disciplinary action.

## Writing in the Discipline (WID)

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ECON 163A is a WID course. Students complete a major writing assignment emphasizing economic reasoning, analysis, and clear communication:

- **Personal Investment Strategy Paper** (Individual, 15%) — Apply course theories to develop your own investment strategy, evaluating risk, return, diversification, and macroeconomic conditions.

Detailed requirements are posted on Canvas.

### Stock Simulation Project

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Teams of 3 students will manage a portfolio of market-traded securities over the course of the term. This project provides hands-on experience with real-world portfolio management. Full details are on Canvas.

### Student Accessibility

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UC Merced is committed to creating accessible learning environments. If you anticipate or experience barriers based on a disability, contact Student Accessibility Services (SAS) as early as possible: [access@ucmerced.edu](mailto:access@ucmerced.edu) | (209) 228-6996. All accommodations require prior SAS approval.