Finance, Insurance, and Law 242 - Investments
Fall 2026

Professor:	(Stella) Min-Yu Liao
Time:	August 17, 2026 – December 11, 2026
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Course Communication:
As a professional, you will often communicate via email or other electronic means. This includes using formal titles (Dr., Mr., Mrs., etc.) and formats, including punctuation, capitalization, proofreading, and proper closings.
Please email me at my ILSTU account rather than through Canvas to ensure I receive your message.

Rules of 3: As a professional, you will find that there will be times when you need help finding an answer to know what to do. In those situations, it is always smart to employ the concept of *3 then me*. Search at least three different sources before contacting your direct supervisor. For the purposes of this course, I encourage you to utilize this fundamental practice.

- Check all available resources
- Check with a colleague/friend
- Email question / Post to discussion board

Another rule of 3 relates to the 3 P's of learning. In order to be successful and have the greatest chance of scholarship, you have to be **PREPARED**, be **PROFESSIONAL**, and be **PRESENT**. For the purposes of this course, this fundamental practice will be expected.

Netiquette:
To help guide our online interactions, facilitators and participants are expected to demonstrate appropriate netiquette (i.e., internet etiquette). That is, we agree to interact in a positive, cooperative, and supportive manner, displaying respect for the privacy and rights of others. This policy is inclusive of, but not limited to, the following guidelines:

- Keep your questions and comments relevant to the discussion topic. If another participant posts a comment or a question that is off topic, do not reply. A facilitator will respond privately to the participant.
- Be courteous and treat colleagues with respect, modeling the same standards of behavior online you would follow in a face-to-face discussion.
- Be respectful and open to opinions and ideas that differ from yours. Being deliberately hostile and insulting online, i.e., flaming, is not appropriate under any circumstance. When responding to others' messages or posts, address the ideas, not the person.
- All course communication should be conducted in Standard American English to ensure understanding among diverse participants.

<u>Note – I reserve the right to remove posts that are not collegial or fail to meet netiquette guidelines.</u>

Prerequisites:
FIL 240 with a grade of C or better. Business major only.

Course Objectives:
The objective of the course is to study the theory and empirical evidence relevant to investing. At the end of the term, upon successful completion of the course, students will be able to:
. Differentiate between different types of capital markets
. Analyze optimal portfolio selection
. Illustrate the relation between risk and return
. Conduct delegated portfolio management and performance evaluation
. Evaluate fixed-income securities
. Assess derivative markets

Class Materials:
Lecture videos: Videos are created for each chapter. All videos are available on Canvas at the beginning of the course period.

Recommended textbook: Bodie, Kane, and Marcus: *Essentials of Investments*, 9th edition, McGraw-Hill.

Calculator:
You need a **financial calculator** for this class. Please have your financial calculator ready before watching the lecture videos. (Texas Instruments BAII Plus recommended)

Practice Problems:
Some of the end-of-chapter problems in our textbook will be recommended as practice problems. Solutions to these problems will be provided. Your work on the practice problems will not be collected or graded, but it should help you to prepare for the exams.

Homework Assignments:
There will be five homework assignments, each with a due date specified in the syllabus. All homework assignments are available on Canvas under Quizzes at the beginning of the course period. You can save and return to work before submitting it. Each assignment is due at 11:55 pm on the due date. ***It is your responsibility to meet each deadline. There will be a 10% late penalty PER DAY for submissions after the deadline. No submissions will be accepted after the maximum penalty (10 days, 100%) is reached.***

Exams:
There will be three required exams given on the following days:
Exam 1: September 24 from 8:00 am to 11:55 pm
Exam 2: November 19 from 8:00 am to 11:55 pm
The Comprehensive Final Exam: December 7 from 8:00 am to 11:55 pm

It is your responsibility to meet each deadline. There will be a 10% late penalty PER DAY for submissions after the deadline. No submissions will be accepted after the maximum penalty (10 days, 100%) is reached, except for the final exam, due to the deadline to submit course grades to the university.

Exams are open-book. However, you have a 60-minute limit to complete each exam. You will need to comprehend the material in order to complete the exam within the 60-minute window.

Warning: once you start the exam, you must finish it within 60 minutes. You cannot save and return to it later. If you fail to complete the exam within 60 minutes, Canvas will automatically submit your work, and it will be your exam grade. No makeup exam will be given for failure to complete it on time.

An individual will be allowed to miss an exam only in the event of a medical or other emergency (with proof of the emergency). If such an emergency occurs, the student is responsible for alerting me PRIOR to the test. Any student with a question about the score on a regular or make-up exam must contact me within 48 hours of the score being communicated.

All exams will be administered online through Canvas under "Quizzes". Each exam will be made available to students at 8:00 am on the designated dates. You are allowed 60 minutes to complete each exam. You can start at any time during the opening window, but you must complete it within 60 minutes of starting before 11:55 pm. The system will submit your work automatically as soon as the time limit is reached.

Grading:
Your grade will be determined as follows:

Exam 1	25%
Exam 2	25%
Final exam (comprehensive)	25%
Homework assignments	25%

Grade	Course Points
A	90-100
B	80-89
C	70-79
D	60-69
F	below 60

UNIVERSITY AND BUSINESS SCHOOL POLICIES AND PROCEDURES

Academic Integrity

General Statement from The Dean of Students Office:

Academic integrity is an important part of this university and the course. Academic integrity is required of you the student and myself as the instructor. Students are expected to be honest in all academic work. It is the student's and faculty's responsibility to uphold the principles of academic integrity. Academic integrity should be used in the preparation of this course, in class time, regarding exams, and with regard to written assignments. A student's placement of his or her name on any academic exercise shall be regarded as assurance that the work is the results of the student's own thought, effort and study.

Students who have questions regarding issues of academic dishonesty should refer to the Code of Student Conduct, B1 (Academic Integrity), which outlines unacceptable behaviors in academic matters. In certain circumstances (such as cheating or plagiarism), I may be required to refer a student to Community Rights and Responsibilities for a violation of Illinois State University's Code of Student Conduct. If you are uncertain about whether or not something is dishonest, please contact me. Academic penalties regarding academic dishonesty may range from failure of the assignment (with a zero for the piece of work) to dismissal from the University, depending upon the seriousness of the infraction and the student's disciplinary record.

Link to code of student conduct:
http://deanofstudents.illinoisstate.edu/students/get-help/crr/documents/CodeOfStudentConduct-Revised5.12.pdf

For additional information and help…

For help with study skills, test taking, writing skills, grammar, and other academic assistance, the University Center for Learning Assistance (438-7100) provides training that can help you succeed.

Any student needing to arrange a reasonable accommodation for a documented disability should contact Disability Concerns at 350 Fell Hall, 309-438-5853 www.disabilityconcerns.ilstu.edu.

Outline for Course Material

Each chapter is accompanied by content knowledge, formulas, and practice problems. Please follow the schedule in the syllabus and complete each chapter in a timely manner.

- Chapter 1 is an introduction to this course. Please watch the video and read through the notes of this chapter carefully before proceeding to the video of Chapter 2.

- Chapter 2 introduces some important financial assets. You will find the information useful for your personal use in the future, as you will need to invest your own wealth when you have an income. Please consider learning this content for personal growth, as it can be practical for managing your personal finances.

- Chapter 3 discusses financial markets, transaction costs, and short sales. This chapter is important as your success in investment depends on your understanding of how the market works.

- Chapter 4 discusses investment companies with a focus on mutual funds. Mutual funds are commonly used by investors as a tool for diversification, and they usually account for most of the retirement investments, such as 401 (k).

- Chapter 5 introduces return and risk with formulas. I reordered your textbook chapters 5 and 6 because they are redundant. Therefore, some of the content in your textbook, specifically Chapter 5, will be incorporated into my Chapter 6 video and notes. Once you finish both chapters 5 and 6, you will have a complete understanding of portfolio construction and risk-return analysis. Starting in chapter 5, the content is math intensive. It is essential that you practice all the problems on your own during and after watching the videos. Pause the video at any time to practice the problems, then resume it to continue.

- Chapter 6 discusses more on portfolio construction and analysis. This chapter is very math-intensive with lots of concepts. Watch the videos multiple times if necessary, and always practice the problems on your own during and after watching the videos. Your exam will include a lot of computational and conceptual problems from this chapter.

- Chapter 7 discusses another measure of risk, beta. Beta is a risk factor related to the market. Thus, it captures the market risk of an investment. This is important because all investments are subject to market risk factors, such as interest rates (recall from Chapter 6).

- Starting in chapter 10, we start on the topic of asset pricing, where we try to find the fair value of each asset at the present time. In other words, we are determining the intrinsic present value of the asset as of today. Chapter 10 focuses on bond pricing.

- Chapter 13 discusses models used for equity pricing. Chapter 13 is not an easy chapter. There will be a lot of computational problems from this chapter in your next exam.

- Chapters 15 and 16 discuss stock options, which are financial derivatives. It is essential to understand how stock options work, as they are a crucial mechanism for hedging against investment risk.

FIL 242, Investments
Fall 2026, suggested schedule

Below is a schedule to help you stay on track. All course materials are available online. Therefore, *if your time allows, you can watch the videos and study ahead of the schedule.* However, *regardless of your study plan, please complete at least the designated chapters each week*. For example, you can go over chapters 3 and 4 during the first week if you finish chapters 1 and 2 early. But you must finish chapters 1 through 5 (up to video Ch 5_2) by the end of the third week, since these are the required chapters for assignment 1. This is to prevent procrastination and to help successfully complete each task with sufficient preparation.

Week	Date	Topic (videos to watch)	Homework Due
1	08/17-08/21	Investment background (Ch 1) Financial assets (Ch 2_1, Ch 2_2)	
2	08/24-08/28	Securities markets (Ch 3) Mutual Fund (Ch 4)	
3	08/31-09/04	Risk and Return (Ch 5_1, Ch 5_2)	
	09/06 (Sunday)		HW 1 due
4	09/07-09/11	Risk and Return continued (Ch 5_3) Efficient Diversification (Ch 6_1)	
5	09/14-09/18	Efficient Diversification continued (Ch 6_2, Ch 6_3, Ch 6_4)	
	09/20 (Sunday)		HW 2 due
6	09/21-09/23	Review/ study for exam 1	
	09/24 (Thursday)	**Exam 1**	
7	09/28-10/02	Single Factor CAPM (Ch 7_1, Ch 7_2)	
8	10/05-10/09	Bond Pricing (Ch 10_1, Ch 10_2)	
	10/11 (Sunday)		HW 3 due
9	10/12-10/16	Bond Pricing continued (Ch10_3)	
10	10/19-10/23	Equity Valuation (Ch 13_1, Ch 13_2)	
	10/25 (Sunday)		HW 4 due

11	10/26-10/30	Equity Valuation continued (Ch 13_3)	
12	11/02-11/06	Options (Ch 15_1, Ch 15_2, Ch 15_3)	
	11/08 (Sunday)		HW 5 due
13	11/09-11/13	Options continued (Ch 15_4) Option Valuation (Ch 16_1, Ch 16_2)	
14	11/16-11/18	Review/ study for exam 2	
	11/19 (Thursday)	**Exam 2**	
15	11/23-11/27	Thanksgiving break	
16	11/30-12/04	Review/ study for final exam	
	12/07 (Monday)	**Comprehensive Final Exam**	