

# Econ 3B: Introduction to Investments II

UCLA Summer, 2021

## Syllabus

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### Lecture Time and Location

TBD

### Course Description

Units: 2. Lecture, two hours. This course builds upon material in Econ 3A and continues a broad introduction to investments. No previous financial, economic or math background is needed beyond Econ 3A. Specific topics covered include understanding money and banking and the role of the Federal Reserve, other investment classes to include bonds, commodities, and options, the role private equity, venture capital, innovation and start-ups, and various types of career related to investing. This class does not count for credit toward a major, but it is an excellent introduction to career paths in finance and for those who want to increase their financial literacy. P/NP grading.

### Computation of the Course Grade

The course is only offered on a P/NP basis. Course evaluation is based on class participation (20%), midterm exam (30%) and a Final exam (50%).

### Learning Outcomes

1. Understand the structure of US and global financial markets, why they exist and how they work, and be able to see how they impact our daily lives.
2. To be introduced to additional asset classes and investment types
3. Learn about careers that leverage the concepts we have learned in Econ 3A and Econ 3B.
4. Continue to add to a solid financial literacy foundation, that was begun with Econ 3A.

## Course Schedule and Readings

<u>Lecture</u>	<u>Topic</u>	<u>Readings</u>
<b>Part 1</b>	<b>Money, Banking, and Cycles</b>	
<b>Topic 1</b>	The Fed & Central banks around the world <ul style="list-style-type: none"><li>▪ Case Study: Macro investing: George Soros</li><li>▪ Case study: Macro Cycles: Ray Dalio, Howard Marks</li></ul>	
<b>Part 2</b>	<b>International Investing</b>	
<b>2</b>	Exchange Rates <ul style="list-style-type: none"><li>▪ Case Study: McDonald's index</li></ul>	
<b>3</b>	Global Markets <ul style="list-style-type: none"><li>• Case Study: <i>BRIC and Frontier Markets</i></li></ul>	
<b>Part 3</b>	<b>Other investment Types</b>	
<b>4</b>	Examples <ul style="list-style-type: none"><li>Options<ul style="list-style-type: none"><li>• Case Study: <i>LTCM</i></li></ul></li><li>Commodities<ul style="list-style-type: none"><li>• Case Study: Jim Rogers, <i>Quantum Fund w/ Soros</i></li></ul></li><li>Bonds<ul style="list-style-type: none"><li>• Case Study: Bill Gross <i>PIMCO</i></li><li>• Case Study: Michael Lewis - <i>Liar's Poker, The Big Short</i></li></ul></li></ul>	
<b>Part 4</b>	<b>Venture Capital, Private Equity, and Hedge Funds</b>	
<b>5</b>	Innovation and start-ups <ul style="list-style-type: none"><li>• Case Study: <i>Tesla, Snap, WeWork</i></li></ul>	
<b>6</b>	How they work and create value <ul style="list-style-type: none"><li>• Case Study: <i>Andreessen Horowitz and Silicon Valley</i></li></ul>	
<b>Part 5</b>	<b>Careers in Finance and Investing</b>	
<b>7</b>	<b>Careers</b> <ul style="list-style-type: none"><li>• Banking, M&amp;A, IPO</li><li>• Quant</li><li>• Corporate Finance</li><li>• Personal financial advisor</li></ul>	
<b>8</b>	<b>Educational Paths to Prepare for Careers in Finance and Investing</b>	
<b>Part 6</b>	<b>Additional Topics if time allows</b>	
<b>9</b>	Bitcoin	

- 10 The FIRE movement
- 11 Robinhood
- 12 Is AI replacing investment careers for humans? 1
  - Case Study: Renaissance Technologies, Two Sigma
  - Case Study: *FinTech startups*
  - Case Study: *Forecasting Stocks with Google Trends*
  - Case Study: *Other Data sources*
- 13 Income Inequality over time and why does it matter
  - Case Study: *Global Inequality*
- 14 Other topics chosen on by the class
  - My NPV
  - Retirement Planning??

## Course Reading Number – selections from journals, newspapers, and books

1. *The Economist, Bloomberg Businessweek, The WSJ and The Financial Times*
2. *Against the Gods: The Remarkable Story of Risk*, Peter L. Bernstein.
3. *Ascent of Money – A Financial History of the World*, Niall Ferguson.
4. *Capitalism and Freedom*, Milton Friedman.
5. *Capital in the Twenty-First Century*, Thomas Piketty.
6. *Stocks for the Long Run*, Jeremy S. Siegel.
7. *Extraordinarily Popular Delusions and the Madness of Crowds*, Charles Mackay.
8. *A Random Walk Down Wall Street*, Burton G. Malkiel.
9. *Fooled By Randomness*, Nassim Nicholas Taleb.
10. *Letter to the Shareholders of Berkshire Hathaway Inc., 2018*, Warren Buffett.
11. *The Essays of Warren Buffett: Lessons for Corporate America*, Warren Buffett.
12. *The Intelligent Investor*, Benjamin Graham.
13. *Secrets of the Temple: How the Federal Reserve Runs the Country*, William Greider.
14. *The Little Book that Beats the Market*, Joel Greenblatt.
15. *A Short History of Financial Euphoria*, John Kenneth Galbraith.
16. *Thinking Fast and Slow*, Daniel Kahneman.
17. *Liar's Poker*, Michael Lewis.
18. *Freakonomics*, Steven D. Levitt and Stephen J. Dubner
19. *A Wall Street Revolt: Flash Boys*, Michael Lewis
20. *The Big Short*, Michael Lewis