FINA 5330: Real Options  
Spring 2020

Instructor Information

Instructor  
Dr. John D. Diltz

Office Number  
Business Building Room 619

Office Telephone Number  
(817) 272-3705 (Finance and Real Estate Department Office)

Email Address  
diltz@uta.edu

Faculty Profile  
https://www.uta.edu/profiles/john-diltz

Office Hours  
Monday and Wednesdays 3:30pm – 5:00pm

Course Information

Section Information  
FINA 5330-001

Time and Place of Class Meetings  
Business Building Room 140, Monday 7:00 pm – 9:50 pm

Description of Course Content  
FINA 5330. REAL OPTIONS. 3 Hours.  
Option approaches to evaluating firm capital budgeting decisions. Techniques for making investment decisions involving physical assets of nonfinancial firms. Prerequisite: FINA 5311.

Student Learning Outcomes  
Determine the real option value for simple capital investment projects.  
Determine the real option value for multi-stage capital investment projects.  
Determine optimal investment policies for capital investment decisions  
Determine the real option value for simple projects when asset prices vary continuously.

Required Textbooks and Other Course Materials  
Descriptions of major assignments and examinations
Midterm Exam I
Midterm Exam II
Presentation
Cumulative Final Exam

Grading Information

Grading
Midterm Exam I  25%
Midterm Exam II  25%
Presentation     20%
Cumulative Final Exam  30%

The standard 90% - 80% - 70% scale will be applied to the weighted average of exam and presentation grades.

Detailed information about the class presentation will be distributed in class.

Make-up Exams
Make-up Exams are not administered under any circumstances. In the case of an excused absence from an exam, other course assignments will be re-weighted accordingly.

Course Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Text Chapter(s)</th>
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</thead>
<tbody>
<tr>
<td>January 27</td>
<td>Introduction to Arbitrage-Free Pricing</td>
<td>1 – 3</td>
</tr>
<tr>
<td>February 3</td>
<td>Valuation of Multi-Period Cash Flows</td>
<td>4</td>
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<tr>
<td>February 10</td>
<td>Dynamic Programming</td>
<td>5</td>
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<tr>
<td>February 17</td>
<td>Introduction to Real Option Valuation</td>
<td>6</td>
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<tr>
<td>February 24</td>
<td>Midterm Exam I</td>
<td>1 – 6</td>
</tr>
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<td>March 2</td>
<td>Investment Timing</td>
<td>7</td>
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<td>March 9</td>
<td>Spring Break</td>
<td>No Class</td>
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<tr>
<td>March 16</td>
<td>Compound Real Options I</td>
<td>8</td>
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<tr>
<td>March 23</td>
<td>Compound Real Options II</td>
<td>9</td>
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<td>March 30</td>
<td>Switching Options</td>
<td>10</td>
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<tr>
<td>April 6</td>
<td>Midterm Exam II</td>
<td>7 – 10</td>
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<tr>
<td>April 13</td>
<td>Learning Options</td>
<td>11</td>
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<td>April 20</td>
<td>Model Calibration</td>
<td>12 – 14</td>
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<td>April 27</td>
<td>Student Presentations</td>
<td>No text assignment</td>
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<tr>
<td>May 4</td>
<td>Student Presentations &amp; Course Review</td>
<td>No text assignment</td>
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<tr>
<td>May 13</td>
<td>Cumulative Final Exam 8:15 pm – 10:45 pm</td>
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The instructor reserves the right to make changes to this syllabus.

Institution Information

UTA students are encouraged to review the below institutional policies and informational sections and reach out to the specific office with any questions. To view this institutional information, please visit the Institutional Information page (http://www.uta.edu/provost/administrative-forms/course-syllabus/syllabus-institutional-policies.php) which includes the following policies among others:

- Drop Policy
- Disability Accommodations
- Title IX Policy
Additional Information

Attendance
Attendance is not required, but it is highly recommended. Material may be presented in class that is not distributed in Canvas. This material may appear on exams.

Emergency Exit Procedures
Should we experience an emergency event that requires evacuation of the building, students should exit the room and move toward the nearest exit, located South of the classroom.

Students should subscribe to the MavAlert system. This system will distribute information in case of emergency to either a mobile telephone or to an official UTA email account.

Emergency Phone Numbers
In case of an on-campus emergency, call the UT Arlington Police Department at 817-272-3003 (non-campus phone), 2-3003 (campus phone). You may also dial 911. The Police non-emergency number is 817-272-3381.

Research or General Library Help
Ask for Help
- Academic Plaza Consultation Services (library.uta.edu/academic-plaza)
- Ask Us (ask.uta.edu/)
- Research Coaches (http://libguides.uta.edu/researchcoach)

Resources
- Library Tutorials (library.uta.edu/how-to)
- Subject and Course Research Guides (libguides.uta.edu)
- Librarians by Subject (library.uta.edu/subject-librarians)
- A to Z List of Library Databases (libguides.uta.edu/az.php)
- Course Reserves (https://uta.summon.serialssolutions.com/#!/course_reserves)
- Study Room Reservations (openroom.uta.edu/)