COURSE SYLLABUS

FINN 4003H Finance Honors Colloquium:
TECHNICAL ANALYSIS AND TRADING

Instructor: Sergio Santamaria, CFA, CMT
Meeting time: W 18:00 - 20:50 (WJWH 331)
Office Hours: M&W 11:00 - 12:00 and by appointment
Office: WJWH 334
E-mail: ssantamaria@walton.uark.edu

Course Description
“We humans are fond of the notion that we are objective, rational and logical. We take pride in the “fact” that we
make decisions based on reason. […] Our wide range of irrational behaviors can be summarized with two general
lessons:
- We have many irrational tendencies.
- We are often unaware of how those irrationalities influence us, which means that we don’t fully
  understand what drives our behavior.” The Upside of Irrationality – Dan Ariely
This course introduces the students to the exciting area of technical analysis, behavioral finance and trading.
Prerequisites: Completion of undergraduate finance core.

Course Goals
This course has two major objectives:
- To apply economics, fundamental and technical analysis and portfolio management techniques to develop
  a successful trading strategy during the Thinkorswim (TOS) Challenge competition
- To help to prepare the Chartered Market Technician (CMT) level I exam.
Of course, behavioral finance and technical analysis complement the investment books of traditional finance and
do not replace them.

Required Materials
   Authors: Charles D. Kirkpatrick, Julie R. Dahlquist

Recommended Materials
1) Title: The Handbook of Technical Analysis: The Practitioner's Comprehensive Guide to Technical
   Analysis
   Author: Mark Andrew Lim
2) Title: CMT Level I 2016: An Introduction to Technical Analysis / Edition 1
   Author: MTA
Course Management Software
The course is supported by Blackboard course management system. Blackboard provides the home base for this course. I will use Blackboard to communicate with you, to provide you with course materials, including course syllabus, handouts, PowerPoint slides and assignments. Every student will receive a Blackboard login and password with which you can access this course. The Blackboard URL is https://learn.uak.edu. You should access this page regularly for the latest announcement and course activities.

Class Procedures
Your regular class meetings will involve a variety of teaching methods – from lectures and class discussions to problem solving and simulating trading exercises – so it is important to come to class with advance preparation (reading and assignments) completed. Also it is critical that you follow the general trends in the economy and the financial markets (equities, fixed income, commodities and currencies) both domestic and globally because we will spend a few minutes at the beginning of the class discussing the major news and events.

Grading
Your course grade consists of many components, reflecting the many aspects of this course. Although most of the course grade depends on individual performance, a significant part of your grade will be determined by the performance of your group. Please remember that assignments are due at the very beginning of the class and LATE ASSIGNMENTS will be assigned a grade of ZERO. NO EXCEPTIONS!
The table below shows the items included in the course grade.

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<thead>
<tr>
<th>#</th>
<th>Item</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Exams 1-2</td>
<td>30%</td>
</tr>
<tr>
<td>2</td>
<td>TD Ameritrade Competition &amp; Drills</td>
<td>30%</td>
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<tr>
<td>3</td>
<td>Group Projects</td>
<td>15%</td>
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<tr>
<td>4</td>
<td>Homework</td>
<td>15%</td>
</tr>
<tr>
<td>5</td>
<td>Bloomberg Equity Certification &amp; BMC</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

*If you take the CMT level I in December 1-3, 2016 and pass, you will get automatically an A in the class.* If you take it and fail, you will still get a 10% bonus in your overall grade. The cost of the program registration fee ($250) and the exam fee ($250) will be reduced to a total of $180 for FINN 4003H students that receive a CMT level I scholarship (10 scholarships will be available during the Fall 2016). After showing proof of successful completion, the $180 fee will be reimbursed (more info in the Appendix). Please let know by September 7 if you are interested in taking the test.

Examinations
There is one midterm and one final exam. Questions concerning the grading of a particular exam/quiz question grants the instructor the right to review your entire exam. Neatness and legibility (if applicable) of exams are considerations in grading. In order to enhance the learning experience, questions of the midterm exam will be reviewed in class, usually during the class after the test. After the test has been reviewed in class, students will have up to three weeks to check their own tests during the office hours (Mondays and Wednesdays from 11:00-12:00) or by appointment.

Make-up Exam Policy
In general, there are NO MAKE-UP EXAMS. Missed tests can only be made up in accordance with University policy. If you miss an exam due to an exceptional cause, the percentage you receive on your final will be applied to your missed exam as well. If you miss more than one exam, you will receive a ZERO for that exam.
Group Projects
A group course report is required as an important part of this class. Composed of three students, each group will have to prepare a report and a presentation for a stock of one of the ten S&P 500 sectors recommending a buy, hold, or sell, based upon both fundamental and technical analysis of a firm.
The report will take the form of a paper (about 7-10 pages), supported by tables or graphs where necessary and will include a brief analysis of the global and domestic economy and the S&P sector and industries. Think of this report as a report to your new employer - so produce it in a professional manner. You are encouraged to use as many of the following sources as possible to make projections and address issues or questions:
More details will be given later in the semester.

Thinkorswim Challenge (TD Ameritrade U)
The same groups will be required to participate in the TD Ameritrade competition which begins on October 10th and ends on November 5th. Registration open on Monday September 5th at 11:00 am ET. Please read all the rules before the competition starts (see Blackboard).
In order to hone your trading skills you will be assigned individual trading drills on a weekly basis. Keep a trading diary both during the trading drills (individual diary) and the competition (team diary) because you will have to submit both by November 9. Besides the position (long/short), ticker, description of the security, number of shares, total dollar amount and profit (or losses), briefly describe the following points for every trade:
1) What did you trade and why?
2) Where is your stop and target and why?
3) Did the trade work out as planned?

Attendance Policy
Students should attend class regularly, among other reasons, because this is an interactive class and learning depends on attendance. Moreover, information about upcoming assignments and group projects, including changes in deadlines and submission dates, may be discussed in class. Having missed a class will never be accepted as an excuse for missing a course requirement.

Academics integrity
Ethics and values are very important not only in the world of business and investments but also for non-profit and government organizations. We will consider ethical issues in the financial world through this course. Ethics and values are also critical in education. The instructor will assume, unless there is evidence to the contrary, that you are an ethical student.
Penalty for academic integrity violations:
Typically, an academic integrity violation on a graded assignment or exam will result in a minimum penalty of a zero for the assignment/exam plus one-letter reduction in your course grade; more serious violations will result in more serious penalties. In accordance with University policy, all academic integrity violations will be reported to the Office of Judicial Affairs.
For more details please check http://provost.uark.edu/245.php

Inclement Weather Policy
We will adhere to the University’s inclement weather policy, i.e., if the University is closed we will not have class.
Changes to the Syllabus
A syllabus is a tool to help you plan your time. Every effort is made to make the syllabus as complete as possible, but there may be occasions when changes are required, including changes in the grading components. The instructor will announce any deviations from this syllabus in class.

Recommended Readings
1) Financial News
   - Bloomberg News (Bloomberg Professional terminals or www.bloomberg.com)
   - Financial Times (ft.com) and FT Alphaville (http://ftalphaville.ft.com/)
   - Wall Street Journal (www.wsj.com)
2) Financial Blogs:
   - The Big Picture (http://www.ritholtz.com/blog)
   - Pragmatic Capitalist (http://pragcap.com/)

Tentative Course Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Required Reading</th>
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<tbody>
<tr>
<td>24-Aug</td>
<td>Introduction to Technical Analysis &amp; Trading</td>
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</tr>
<tr>
<td>31-Aug</td>
<td>Stocks and Options Trading: How to ThinkOrSwim (TOS)</td>
<td>TOS:101,201,301,501 Options Markets and Contracts PDF</td>
</tr>
<tr>
<td>7-Sep</td>
<td>Introduction to Technical Analysis; Basic Principles; History of Technical Analysis The Technical Analysis Controversy</td>
<td>TA Ch.1-4; pp. 3-51</td>
</tr>
<tr>
<td>14-Sep</td>
<td>An Overview of Markets; Dow Theory</td>
<td>TA Ch.5-6; pp. 55-84</td>
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<tr>
<td>21-Sep</td>
<td>History and Construction of Charts</td>
<td>TA Ch. 11; pp. 191-213</td>
</tr>
<tr>
<td>28-Sep</td>
<td>Trends-The Basics</td>
<td>TA Ch. 12; pp. 215-244</td>
</tr>
<tr>
<td>5-Oct</td>
<td>Exam #1 Review</td>
<td>TA Ch. 12; pp. 215-244</td>
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<tr>
<td>12-Oct</td>
<td>TOS Challenge Begins / Exam #1</td>
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<tr>
<td>19-Oct</td>
<td>BMC</td>
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<tr>
<td>26-Oct</td>
<td>Investor Psychology Breakouts, Stops and Retracements; Moving Averages</td>
<td>THTA: Ch. 25 813-823 TA Ch. 13-14; pp. 247-297</td>
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<tr>
<td>2-Nov</td>
<td>Bar Chart Patterns</td>
<td>TA Ch. 15; pp. 301-340</td>
</tr>
<tr>
<td>9-Nov</td>
<td>Short-Term-Patterns and Volatility Patterns</td>
<td>TA Ch. 17; pp. 365-408</td>
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<tr>
<td>16-Nov</td>
<td>Confirmation</td>
<td>TA Ch. 18; pp. 409-451</td>
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<tr>
<td>23-Nov</td>
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<tr>
<td>30-Nov</td>
<td>System Design and Testing; Money and Risk Management</td>
<td>TA Ch. 22-23; pp. 529-578</td>
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<tr>
<td>7-Dec</td>
<td>Project PPTs</td>
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<tr>
<td>14-Dec</td>
<td>Final Exam (Mandatory and Comprehensive) 8:15 - 10:15 PM</td>
<td></td>
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APPENDIX

Bloomberg
Each student is required to have his/her own Bloomberg Professional service login in order to take advantage of such an extraordinary financial tool that will help you significantly not only to do your homework and projects but also to succeed in the current competitive job market. The students are required to complete:

1) The Equity Product Certification Program (BESS) by **August 31st**. See “How to Create a Bloomberg Login” available on Blackboard under the Bloomberg folder.
2) The Bloomberg Market Concepts (BMC) by **October 28th**. See “FINN 4003H BMC Instructions” available on Blackboard under the Bloomberg folder.

Send your proof(s) of successful completion by the due date to ssantamaria@walton.uark.edu

CMT
The CMT Program is a certification process in which candidates are required to demonstrate proficiency in a broad range of technical analysis subjects. Administered by the Accreditation Committee of the Market Technicians Association (MTA), Inc., the program consists of three levels. Level 1 is a multiple choice exam; Level 2 is a multiple choice exam; Level 3 is an essay exam.

The objectives of the CMT Program are:
- To guide candidates in mastering a professional body of knowledge and in developing analytical skills;
- To promote and encourage the highest standards of education; and
- To grant the right to use the professional designation of Chartered Market Technician (CMT) to those members who successfully complete the Program and agree to abide by the MTA Code of Ethics.

Most of the chapters of *Technical Analysis: The Complete Resource for Financial Market Technicians* are included in the required reading assignments for CMT level I. Test content weights for CMT level I (more info at [www.mta.org](http://www.mta.org)):

<table>
<thead>
<tr>
<th>CONTENT AREAS</th>
<th>PERCENTAGE OF QUESTIONS</th>
<th>NUMBER OF QUESTIONS (+/-2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Theory and History</td>
<td>10%</td>
<td>12</td>
</tr>
<tr>
<td>2. Markets</td>
<td>3%</td>
<td>3</td>
</tr>
<tr>
<td>3. Market Indicators</td>
<td>13%</td>
<td>16</td>
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<tr>
<td>4. Construction</td>
<td>15%</td>
<td>18</td>
</tr>
<tr>
<td>5. Trend Analysis</td>
<td>15%</td>
<td>18</td>
</tr>
<tr>
<td>6. Chart and Pattern Analysis</td>
<td>18%</td>
<td>22</td>
</tr>
<tr>
<td>7. Confirmation</td>
<td>10%</td>
<td>12</td>
</tr>
<tr>
<td>8. Cycles</td>
<td>4%</td>
<td>5</td>
</tr>
<tr>
<td>9. Selection and Decision</td>
<td>5%</td>
<td>6</td>
</tr>
<tr>
<td>10. System Testing &amp; Money Management</td>
<td>4%</td>
<td>4</td>
</tr>
<tr>
<td>11. Ethics</td>
<td>3%</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
<td><strong>120</strong></td>
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</tbody>
</table>

As part of the Walton College partnership with the MTA, finance students enjoy one year MTA membership at a discounted rate of $100/year (savings of $225). It includes:
- Complete access to the MTA Knowledge Base (knowledgebase.mta.org) - repository of technical analysis information
- Access to the free MTA Educational Webcast Series
- Access to the MTA Podcast Series
- Monthly Technically Speaking eNewsletter
✓ Annual Journal of Technical Analysis
✓ Access to archived technical analysis presentations, webcasts, podcasts, etc.
✓ Access to the MTA Library

The dates for the Fall 2016 CMT examination are December 1st, 2nd and 3rd.
For the CMT candidates, I have two complete set of the recommended reading books available for you to borrow for a few days upon request.

TD Ameritrade U
Register here:
https://www.tdameritradeu.com/tdau/public/responsive/home.tdau?currentLocation=%2Ftdau%2Fpublic%2Fresponsive%2FstudentRegistrationForm.tdau%3Fr%3D0.5068855119429985&activeMenu=&legacyRedirect=true#topContainer

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https://www.thinkorswim.com/t/innovation.html or download the thinkorswim app.