FNAN 311
Principles of Investment
Fall 2011

Instructor: Dr. Yuan Gao
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Office Hours: MW 4:15 - 5:15PM
Class Meetings: MW 3:00 – 4:15 PM at Robinson Hall A106

The Course Objectives

This course is designed to provide students with an introduction to modern portfolio management and asset valuation. The focus is on institutional investing and the material is also relevant for individuals. The class will help you to use modern investment strategies and risk management tools to manage equity and fixed income portfolios. The main topics include risk and return trade-off, asset allocation, diversification, security valuation, and market efficiency. When possible and suitable, the class will offer an opportunity to discuss certain ethical standards that financial professionals may encounter in their career.

Prerequisites

Students enrolled in this course are expected to be facile with basic statistics, economics and accounting. You should have completed FNAN301, ECON103, ACCT 201, and DESC 210. If you are uncertain whether you satisfy the requirement, please talk to the instructor. There are no exceptions to the prerequisite requirements. Taking any of those classes at the same time with this course is not possible.

Course Resources and Support Items

- Solutions Manual for use with BKM.
- A calculator is required. Sometimes, class lectures will involve working through problems. Thus, you should have your calculator ready before class starts.
- A subscription to the Financial Times is strongly recommended. Other helpful periodicals include the Wall Street Journal, Economist, Barron’s, Business Week, and other financial newspapers. A sign up form will be distributed during the first week of class.

Grading

Your final grade for the course will be based on:

<table>
<thead>
<tr>
<th>Course Components</th>
<th>% of Grade</th>
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<tbody>
<tr>
<td>Quizzes</td>
<td>10</td>
</tr>
<tr>
<td>Exam #1</td>
<td>20</td>
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<tr>
<td>Exam #2</td>
<td>20</td>
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<tr>
<td>Final Exam</td>
<td>30</td>
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<tr>
<td>Group Project</td>
<td>20</td>
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<td>Total Grade</td>
<td>100</td>
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Exams

The two in-class midterm prelims and one final exam are scheduled as follows:

**Prelim #1** (non-cumulative): September 28 (Wed)
**Prelim #2** (non-cumulative): October 26 (Wed)
**Final exam** (cumulative): December 19 (Mon) at 1:30PM

Mark your calendar! If you have conflict, I suggest you consider dropping the course. I will not be able to accept any excuse except for a serious reason. Such serious circumstances must be validated in writing by an appropriate accredited professional (i.e. medical doctor). In the case of a missed exam with legitimate reason, the weight of the final exam will increase accordingly, and relevant questions from the missed exam material might be added to your final exam.

All exams are closed-book and closed-notes. Students should come to take the exam on time. If a student comes late for an exam, he/she will NOT be given extra time to finish the exam. You will be required to bring your own financial calculator to the exams. Sharing of calculators will not be permitted.

Lectures

Lecture notes and homework assignments will be distributed via course website through MyMason portal. Lecture is an important part of the course. I will explain concepts in
detail and use examples for illustration. Students are required to come to class on time and are encouraged to actively participate in class discussion.

The instructor will summarize major topics, clarify certain concepts from previous lecture, answer general questions, and make important announcements (including upcoming exam and project) at the beginning of the class. The students are fully responsible for any missed information if he/she misses or comes late for a class.

Office Hours

I suggest we try resolving any issues and questions either right before or after class, or during a specifically setup appointment. I recommend that you generally contact me by email – I am quick to respond. I also open to assign specific time slots as office hours before exams if needed.

Note: I will be happy to meet with you by appointment up to the day prior to the exam, but I will not schedule any appointments or answer any questions on the day of the exam.

Quizzes

Four quizzes will be given over the course of the semester. Each quiz will be administered at the beginning of a class and test materials covered in previous lectures. You may drop one with the lowest grade in computing your course grade.

Homework Problems

You are encouraged to work on the homework assignments as a group. Part of quizzes and exams may be taken either directly or slightly modified from these assignments.

Group Projects

The students are expected to form groups of five to work on a trading project. You will participate in a portfolio management project over a seven-week period of 9/14/2011 (Wed) – 11/2/2011 (Wed). Please see the Trading Project Guideline for details. A final report (hard copy) and the presentation slides (electronic copy) are due 11/21/2011. Your name must be included in the final report and the presentation slides to receive credit.

At the end of the semester, a “peer-evaluation” form will be distributed to allow students to rate the relative contribution of each member within a group. These ratings will be utilized in determining each individual’s performance for the projects.
Other Policies

**Appeals:** Appeals must be in writing, within one week after the graded work is returned—not the date you first look at it. Before requesting for re-grading, please first check the exam solution carefully. In case an appeal is necessary, please do the following:

Turn in a written explanation of why you believe that an appeal is necessary. You will be given only one opportunity to argue your case, so make your argument as clear and strong as possible. Please type or print your explanation to make it legible.

Note: In general, to ensure that no other mistakes are made, I will re-grade the entire document. This may result in a higher or lower grade once the submitted material has been re-evaluated.

**Academic Misconduct:** It causes failing the course and triggers quite unpleasant university-mandated procedures which result in further sanctions. Academic misconduct includes, but is not limited to, giving or receiving information during an exam and submitting plagiarized work for academic requirements. You may find GMU Honor System and Code at [http://academicintegrity.gmu.edu/honorcode/](http://academicintegrity.gmu.edu/honorcode/).

**University Office of Disability Services:** If you need academic accommodations, please contact the Disability Resource Center (DRC) at (703) 993-2474. It is the responsibility of the student to inform the instructor and provide proper documentation in advance. All academic accommodations (including exams) must be arranged through the DRC.