Finance 411- Investment Analysis and Portfolio Management
Class Time: Tuesday and Thursday 5:55 PM to 7:10 PM

Instructor: Dr. George H. K. Wang**
Room 223, Enterprise Hall, Phone: 703-993-3415
Fax: 703-993-1870
E-mail: Gwang2@gmu.edu
Office Hours: Tuesday 1:30PM- 2:45 PM; Thursday 1:30PM– 2::15PM or by Appointment (lecture notes and assignments are available in Blackboard)

Texts:

Prerequisites: Degree status and a grade of C or higher in Finance 311.

Objectives: This course guides students to an advanced understanding of the key issues in the management of portfolio of securities. Specific items to be learned are: (1) Equilibrium in capital markets (Capital asset pricing, arbitrage pricing theory, the Efficient market hypothesis); (2) Analysis of fixed income securities (Bond pricing and yields, Managing bond portfolio); (3) Equity security analysis (Macroeconomic and industry analysis, Equity valuation models, Measuring and modeling stock price volatility); (4) Overview of Option and Futures markets and (5) Applied portfolio management (Portfolio performance evaluation, Hedge funds).

Structure: Readings and problems/questions from the text will be assigned as home work in class. This will not be collected, but part of examinations will be taken either directly or modified from them. The most effective way to learn the subjects from this class is to do home work.

2. Additional reading assignment will be announced in class and all reading assignments are available at the reserve desk of the Johnson library.
Examination Policies:

(1) Grading standards:
- Mid-term exam: 35%
- Final exam: 40%
- Quiz and problem sets: 25%
- Total: 100%

(2) Use of (+, -) grades and Types of exams: short essay on fundamental concepts and Problem-solving questions.

Course Outline and Schedule

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<th>Week</th>
<th>Topics [Chapters (Bodie, Kane and Marcus (ninth edition))]</th>
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<tr>
<td>1. 8/28</td>
<td>Reviews of Statistical Concepts (Handouts)</td>
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<td>2. 8/30</td>
<td>Review of Statistical Concepts.</td>
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<td>3. 9/4</td>
<td>Index Model (Chapter 8)</td>
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<td>4. 9/6</td>
<td>Index Model (Chapters 8)</td>
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<td>5. 9/11</td>
<td>CAPM (Chapter 9)</td>
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<td>6. 9/13</td>
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<td>7. 9/18</td>
<td>Arbitrage Pricing Model (Chapter 10)</td>
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<td>8. 9/20</td>
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<td>9. 9/25</td>
<td>The Efficient Market Hypothesis (Chapter 11)</td>
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<td>10. 9/27</td>
<td>The Efficient Market Hypothesis (Chapter 11)</td>
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<td>11. 10/2</td>
<td>Behavioral Finance and Technical Analysis (Chapter 12)</td>
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<td>12. 10/4</td>
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<td>13. 10/9</td>
<td>Columbus Day (holiday)</td>
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<td>14. 10/11</td>
<td>Mid Term Examination</td>
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15 10/16  Bond Prices and Yields (Chapters 14)
16. 10/18  Bond Prices and Yields (Chapters 14)
17. 10/23  Managing Bond Portfolio (Chapters 16)
18. 10/25  Managing Bond Portfolio (Chapters 16)
19 10/30  Macroeconomic and Industry Analysis (Chapter 17)
20. 11/1  Macroeconomic and Industry Analysis (Chapter 17)
21. 11/6  Equity Valuation Models (Chapters 18)
22. 11/8  Equity Valuation Models (Chapters 18)
23. 11/13  Equity Valuation Models (Chapters 18)
24 11/15  Option Markets (Chapter 20)
25. 11/20  Futures Markets (Chapter 22)
26. 11/22  **Thanksgiving recess**
27. 11/27  Portfolio Performance Evaluation (Chapter 24)
28.11/29  Portfolio Performance Evaluation (Chapter 24)
29. 12/4  Hedge Funds (Chapter 26)
30. 12/6  Hedge Funds (Chapter 26)
31. 12/13  **Final Examination**
       (4:30 -7:15 PM)

Note:  last day to drop with no tuition penalty 9/4

**Honor Code:** Students are expected to observe the GMU Honor Code.
**Attendance**  Students are strongly encouraged to attend every class meeting. Anyone who thinks that he/she has a chance of missing more than four classes should definitely take a different course.

**Etiquette in the Class Room** - Students must turn off all phones, beepers, etc. when attending class. No one has permission to tape record any part of any lecture or discussion in any session. **PRIVATE CONVERSATIONS BETWEEN STUDENTS WHILE CLASS IS IN SESSION ARE IMPOLITE, UNPROFESSIONAL, AND UNWELCOMED.**

**Exams**  Students who want to take an exam at other than at the scheduled time must get prior permission from the instructor who is unlikely to give it unless the student has a serious medical problem (documented by a doctor in writing) or faces a severe conflict in schedule because of a work-related matter (documented in writing by a supervisor).

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** (Short Bio) George H. K. Wang is the Research Professor of Finance in the School of Management at George Mason University. He received his Ph. D in statistics and economics (double majors) from Iowa State University, Ames, Iowa. He was the Deputy Chief Economist and Director of Research, U. S. Commodity Futures Trading Commission. Dr Wang was visiting Professor of Finance, Faculty of Economics and Business, University of Sydney, Australia in summer, 2006 and 2007 and a Visiting Professor of Finance, College of Management, National Central University, Jhongli, Taiwan in summer 2007. He has published widely in major refereed journals in the areas of derivative markets, applied time series, econometrics, mortgage markets and transportation. He is an elected ordinary member of International Statistical Institute and on the editorial board of the Journal of Futures Markets.