George Mason University

School of Business
Fall 2016

Finance 311- Principles of Investment
Class Room D005, Mason Hall

Class Time: Tuesday and Thursday 9:00 AM to 10:15 AM

Instructor: Dr. George H. K. Wang**
Room 225, Enterprise Hall, Phone: 703-993-3415
Fax: 703-993-1870
E-mail: Gwang2@gmu.edu
Office Hours: Tuesday 1:15PM- 2:45 PM; Thursday 1:15PM– 2:15PM or by Appointment (lecture notes and assignments are available in Blackboard)


Prerequisites: Finance 311 and Decision Science 201.

Objectives: The purpose of this course is to acquaint the student with the following subjects: (1) different classes of financial instruments (2) purposes and operation of security markets (3) relationship between risk and returns (4) concept of efficient diversification. (5) capital asset pricing and arbitrary price theory (6) efficient market hypothesis (7) behavior finance and technical analysis and (7) portfolio performance and evaluation.

This course will build a foundation for you to pursue further study in the areas of equity and bond valuation models., portfolio management and derivatives. This course also build your necessary background to take CFA examination. The current demand for financial analysts with a concentration in investment is very high. Be sure to master this course and you will be rewarded in the future.

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:

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<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Class Participation/Attendance</td>
<td>5%</td>
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<tr>
<td>First examination</td>
<td>25%</td>
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<td>Second Exam</td>
<td>25%</td>
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<td>Final exam</td>
<td>40%</td>
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<tr>
<td>Exercise and project</td>
<td>5%</td>
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<tr>
<td>Total</td>
<td>100%</td>
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(2) Use of (+, -) grades and Types of exams: short essay on fundamental concepts and problem-solving questions.

Course Outline and Schedule

Topics [Chapters (BKM (2017))]

1. 8/30 Investments: Background and Issues (Chapters 1)
2. 9/1 Investments background and Issues and Asset class and financial instruments (Chapters 1 and 2)
3. 9/6 Asset Class and Financial Instruments (Chapter 2)
4. 9/8 Asset Class and Financial Instruments (Chapter 2)
5. 9/8 Securities Markets (Chapters 3)
6. 9/13 Securities Markets (Chapter 3)
7. 9/15 Securities Markets (Chapter 3) and Mutual Funds and Other Investment companies (Chapter 4)
8. 9/20 Mutual Funds and Other Investment Companies (Chapter 4)
9. 9/22 Mutual Funds and other Investment companies (Chapter 4) and Review for first examination
10. 9/27 First Examination
11. 9/29 Risk and Returns: Past and Prologue (Chapter 5)
12. 10/4 Statistics for Portfolios: background for (Chapter 5)
13. 10/6  Risk and Returns: Past and Prologue (Chapter 5)

14. 10/13  Risk and Returns: Past and Prologue (Chapter 5) and Efficient Diversification (Chapter 6)

15 10/18  Efficient Diversification (Chapter 6)

16. 10/20  Efficient Diversification (Chapter 6)

17. 10/25  Efficient Diversification (Chapter 6) and Capital Asset Pricing and Arbitrage Pricing Theory (Chapter 7)

18. 10/27  Capital Asset Pricing and Arbitrage Pricing Theory (Chapter 7)

19 11/1  Capital Asset Pricing and Arbitrage Pricing Theory (Chapter 7)

20. 11/3  Capital Asset Pricing and Arbitrage Pricing Theory (Chapter 7) and review for second examination

21. 11/8  **Second Examination**

22. 11/10  The Efficient Market Hypothesis (Chapter 8)

23. 11/15  The Efficient Market Hypothesis (Chapter 8)

24. 11/17  Behavior Finance and Technical Analysis

25. 11/22  Behavior Finance and Technical Analysis

26 11/23--27  **Thanksgiving recess**

27. 11/29  Portfolio Performance (Chapter 18)

28.12/1  Portfolio Performance (Chapter 18)

29. 12/6  Portfolio Performance (Chapter 18)

30.12/8  Review for Final Examination

30. 12/15  **Final Examination ((7:30 - 10:15 AM)**

Note: last day to drop with no tuition penalty  9/6
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).

** (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, 2007 and winter, 2013 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.