Goals

This course is designed to introduce students to modern investment management and asset valuation. It focuses on institutional investing, and the material is also relevant for individuals. The class will help you to use widely accepted strategies and risk management tools to manage equity and fixed income portfolios. The main items to be learned are these: short-selling, margin purchases, risk and return trade-off, asset allocation, diversification, security valuation, basic elements of bond pricing and investment, and basic points of theory of market efficiency.

Prerequisite

Students must be prepared to work with the tools of basic statistics, economics, and accounting. They must also have completed FNAN301 (or an authorized replacement) with at least a grade of C or better. **SOM rules admit of no exceptions.** If you don’t know whether you meet the requirement, you should consult Student Services.

Required Textbook


Lectures and Suggested Questions/Problems

The lecture is an important part of the course. I will explain concepts in detail and use examples for illustration. Students are expected to come to class on time and are encouraged to actively participate in class discussion (see Grading, below). Students are responsible for any information missed because of absence or late arrival. End-of-chapter problems will be suggested on a regular basis for your consideration.

Grading

The quizzes, mid-term, and final will be graded in terms of 0-100 points (plus some extra credit points on the exam). Your final grade will be computed according to this weighting:

- **Mid-Term:** March 23
- **Quizzes:** 2 in semester, top grade only
- **Final Exam:** See GMU’s [Schedule of Classes](https://www.gmu.edu/

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<th>Component</th>
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<td>Quizzes</td>
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<td>Final Exam</td>
<td>50%</td>
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<td>Participation</td>
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**NOTE:** The final exam is **semi-comprehensive** and will cover selected issues from the **FIRST HALF OF COURSE**. I will identify those issues towards the end of the course first.

**NOTE:** Each quiz will last about 30 minutes and deal only with recently discussed material. You will be notified of an upcoming quiz in the class before the day of the quiz.
Important Rules

The mid-term test, quizzes, and the final exam must be taken without notes or sheets of formulas. You will be required to bring your own financial calculator to the exams.

Students enrolled in this class must take the mid-term test and exam at the scheduled times. A student missing any one of these will receive a grade of zero. The only exception is a case in which a student contacts the instructor before the exam AND provides proper documentation, from a doctor, of the student’s inability (but not its cause) to take the test on the scheduled date. A student not present for a quiz will receive a grade of zero.

Private conversations during class are impolite and unprofessional. Also, students should not leave the room during class for any reason other than physical distress.

Years of experience have convinced me that laptops are generally distractions, even for smart students. I urge you not to use them in class.

Email I will use only your GMU-email addresses. Check it often for messages.

Disability

If you, like me, are disabled and need certain accommodations, please contact the Disability Resource Center (DRC) at (703) 993-2474. You must inform me and provide proper documentation in the first week of class. All academic accommodations (including the taking of tests/exam) must be arranged through the DRC.

Pictures/Data

Within the first week, please provide me a picture of you (not doing anything illegal or embarrassing) attached to an 8.5x11 piece of paper which contains these items: name (and help with pronunciation), nickname (if any), GMU email, phone number, and other finance courses – both completed (and when) and being taken now.
### Tentative Outline (Questions/problems to be assigned as we reach each chapter.)

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<th>Topics</th>
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BIOGRAPHICAL SKETCH

Michael G. Ferri holds the Foundation Chair in Finance at George Mason University in Fairfax, Virginia. He received a Ph.D. in Economics from the University of North Carolina at Chapel Hill in 1975. Dr. Ferri is a co-author, with Frank J. Fabozzi and Nobel Laureate Franco Modigliani, of Foundations of Financial Markets and Institutions which was published in several editions by Prentice Hall. Dr. Ferri’s papers in finance and economics have appeared in the Journal of Finance, Financial Management, the Journal of Money, Credit and Banking, and other publications. He is on the editorial boards of the Journal of Portfolio Management and several academic journals. Dr. Ferri is a former member of the Board of Directors of the Philadelphia Board of Trade and he was an NASD Arbitrator. He has served as a consultant and as an expert witness in litigation and arbitration. In 1994-1995, Dr. Ferri was a Vice-President of the Financial Management Association International. At George Mason University, Dr. Ferri has held several administrative positions and was named the MBA Teacher of the Year (1992) and an Outstanding Faculty Member (1989). In Fall 1997, he was the Dale S. Coenen Visiting Professor at the University of Virginia’s Darden School. In 1997-1998, Dr. Ferri was a Senior Research Scholar at the Securities and Exchange Commission. From 2000 to 2001, he served as the Vice-President for Economic Research and Deputy Chief Economist of the Nasdaq Stock Market.