Finance 411
Investment Analysis and Portfolio Management
Spring 2012

Instructor: Dr. Jongdoo Lee
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Course Description:
This course guides students to an advanced understanding of key issues in the management of portfolios of securities. Students will be engaged in demanding statistics analysis and Excel skills. Specific items to be learned are capital asset pricing model, arbitrage pricing theory, pricing bonds and assessing their price volatility, bond portfolio structures, investments in and with equity options and financial futures.

Prerequisite:
The Dean’s office insists that only students who have already passed FNAN 311 with a grade of C or better are permitted to take this course.

Structure:
Readings and problems/questions from the text will be assigned for classes. Instructor will lecture on them and engage the students in discussion of them. Each student is expected to have a copy of the textbook and to bring it in class.

Textbook and Recommended reading:
“Investments” 9th edition by Bodie, Kane, and Marcus, McGraw-Hill, 2011. In addition, students are highly encouraged to read newspapers and journal e.g. Wall Street Journal, Business Week, Economics, and Financial Times, to update current issues in financial industry.

Honor Code:
Students are expected to follow the honor code as presented in University Catalog. Students are responsible to any penalties from unsatisfactory behaviors based on the honor code. Faculty Rule 2.11.5 requires alleged academic misconduct to be reported to the department and the Honor code committee.
Office of Disabilities:

If students have a disability or situation of which instructor needs to be aware, please schedule a time to discuss this with me at the beginning of the semester. If any accommodations are to be made, disabilities must be documented with the Office of Disability Services. The Mission of the ODS at George Mason University is to facilitate equal access for students with disabilities to university programs, events, and services. ODS is located in the Student Union Building 1, room 222. Students can also consult their website at http://www.gmu.edu/student/drc/index/html.

Etiquette in the Class Room: Students MUST turn off all phones, beepers, etc. when attending class. Students should not leave the room during class except for reasons of ill health. Private conversations during class are impolite and should not occur for any reason. There is a penalty (1% off grade) for any violation of this policy.

Grades

Four Quizzes: each 10% (TBA)
Midterm Exam: 20% (TBA)
Final Exam: 40% (See GMU’s Schedule of Final Exam)

NOTE: The final exam is semi-comprehensive. The half of the final exam will cover chapters up to the second midterm and the other half will cover materials after the midterm.

NOTE: The only way to treat all students fairly is to require that all take the same quiz or exam at the same time, with only a serious and documented (by a doctor on official stationery) medical problem justifying an absence and a make-up. An exam missed under any other circumstance will earn a grade of zero.

Grading Scale:

93 – 100% A 88 – 92% A-
83 – 87% B+ 75– 82% B
70 – 74% C+ 65 – 69% C
60 - 64% D Below 60% F

Attendance: Attendance is required. Students who miss more than 5 classes without appropriate documentations will not pass the course regardless of their performances in the exams. Email is not accepted as an excuse for any circumstances. An unexcused absence results in 1% off from the final grade. Absences due to illness, religious holidays and family emergencies must be documented and submitted to instructor. Students are responsible for all materials covered in the absent classes. Attendance record can’t be changed unless students submit necessary documents.
Standards of Performance

All tests will be graded according to standards reflecting the fact that the course is a senior elective that prepares students for a career in a dynamic profession and that is taught in a highly ranked, AACSB-accredited business school.

Calculator/Laptop

Students are required a financial calculator or excel installed laptop for exams.

Tentative Schedule

wk 1  Review of FNAN 311
wk 2  Index Model (ch.8)
wk 3  CAPM (ch.9)
wk 4  APT (ch.10)
wk 5  Efficient Market Hypothesis (ch.11)
wk 6  Behavioral Finance and Technical Analysis (ch.12)
                     Empirical Evidence (ch.13)
wk 7  **Midterm Exam**
wk 8  **Spring Break**
wk 9  Bond Prices and Yields (ch.14)
                Term Structure of Interest Rate (ch.15)
wk 10 Managing Bond Portfolio (ch.16)
wk 11 Equity Valuation (ch.18)
wk 12 Options Markets(ch.20)
wk 13 Futures Markets (ch.22)
wk 14 Portfolio Performance Evaluation (ch.24)
wk 15 **Final Exam Review**

Note: Students are expected to complete all reading assignments *Prior to class meetings and be prepared for class discussions.*