Instructor: Dr. Jongdoo Lee
Office: Enterprise Hall #230
Office phone number: 703-993-4768
Office hour: Tuesday/Thursday 1:30-3:00
Email: jlee11@gmu.edu

Course Description:

The main focus of this course is modern portfolio management and asset valuation. The course describes the principles and applications used in investment world. Topics to be covered include trading environment, risk and return tradeoff, asset allocation, efficient frontier, portfolio theory, market efficiency, behavioral finance, CAPM, and portfolio performance.

Learning Goal:

Upon successful completion of this course, students will be able to (1) demonstrate, evaluate, and explain the risk return trade off in finance, (2) recognize and understand how to address ethical issues in finance including agency problems, and (3) conduct research to support the analysis of a firm or financial project and effectively present their analysis.

Prerequisite:

This class assumes that students are equipped with good understanding of basic theoretical and practical concepts of financial management, which means successful completion of FNAN 301. MS-Excel is used for most of computations. Students are expected to know Excel proficiently.

Textbook and Recommended reading:


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.

Grade Determination:

Two Midterm Exams: each 20%
Final Exam: 35%
Group Project: 20%
Attendance: 5%

Grading Scale:

<table>
<thead>
<tr>
<th>Score Range</th>
<th>Grade</th>
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<tbody>
<tr>
<td>93 – 100%</td>
<td>A</td>
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<tr>
<td>88 – 92%</td>
<td>A-</td>
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<tr>
<td>83 – 87%</td>
<td>B+</td>
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<tr>
<td>75– 82%</td>
<td>B</td>
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<tr>
<td>70 – 74%</td>
<td>C+</td>
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<tr>
<td>65 – 69%</td>
<td>C</td>
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<td>60 - 64%</td>
<td>D</td>
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<tr>
<td>Below 60%</td>
<td>F</td>
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Attendance: Attendance is 5% of overall grade. **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. Students lose 1% of attendance grade for each absence. 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.
No makeup exam! No Extra credit!

Calculator/Laptop

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

**Group Research Project**

Purpose: Develop students' abilities to do independent investment analysis in team environment.

Submission due: May 1.

Format: Paper should be written in Times New Roman, 12-point size, 1.5 line spacing format. The number of page is 13-14 excluding appendix, references, and other graphical supporting materials.

Who: Students form a group of maximum 3.

What: Each group chooses a publicly traded firm listed on NYSE or NASDAQ, pretending a financial analyst. Team provides a detail financial analysis for a potential customer and makes a recommendation of "Buy" or "Sell" to the customer about the firm. Teams may consult with instructor before they finalize their company. Teams should set their own boundaries of its discussion in paper. But, here are some points that should be included:

- Table of contents
- **BRIEF** history and development of the company: when it started, how it has grown
- Description on current status: size, recent performance, financial statement analysis, ratio analysis, firm structure, core business and services offered
- Equity evaluation
- Regulations and the effect of the regulations on the institutions
- Market analysis: general trend, competitors, external influences, global issues
- Diagnosis of current problems, challenges and future prospects
- Conclusion
- References

Late Submission: There is 1% penalty on late submission for each day.
Reference: The paper should quote all the sources of the information where they are from e.g. authors, books, journals, magazines, volumes, pages, internet sites, etc.

**Tentative Class Schedule**

wk 1  Introduction and financial instruments (ch.2)  
wk 2  Securities Markets (ch.3)  
wk 3  Mutual Funds (ch.4)  
wk 4  **Midterm Exam #1**  
wk 5  Risk and Return (ch.5)  
wk 6  Efficient Diversification (ch.6)  
wk 7  CAPM and APT (ch.7)  
wk 8  **Spring Break**  
wk 9  **Midterm Exam #2**  
wk 10  Efficient Market Hypothesis (ch.8)  
wk 11  Behavioral Finance (ch.9)  
wk 12  Portfolio Performance Evaluation (ch.18)  
wk 13  Project feedback and final exam review (project due: May 1)  
wk 14  **Final Exam**

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