**Fi8000: Valuation of Financial Assets**  
*Fall Semester 2003*

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Course Web Site: [http://www.gsu.edu/~fncjtg/Fi8000](http://www.gsu.edu/~fncjtg/Fi8000)

**Class meetings:** Aderhold 12, Wednesday 7:15 PM – 9:45 PM

**Pre-requisite/Co-requisite:** MBA 8622

**Course Objectives**

The primary purpose of this course is to explore the concept of valuation. Throughout the semester, we will examine the theory of valuation for many types of risky financial assets. Though the theories have fairly broad applications, we will frequently apply them to pricing financial instruments, such as bonds, stocks, futures, and options. This course will lay a foundation upon which you will build in finance course electives. After this course, you should have a good understanding of arbitrage, currency exchange, portfolios, interest rates, risk and return, and market efficiency.

**Course Content**

Nearly all topics are covered in the assigned text. On occasion I will assign supplemental material. For example, we may use timely and relevant *Wall Street Journal* articles.

**Expectations**

I expect you to attend all class meetings. It is in your best interest to have read the appropriate text material before the class in which the topic is discussed. While this course is primarily lecture format, I encourage you to ask questions and contribute constructive comments during class. I expect you to keep up with practice problems (from both the text and those written by me) on a regular/weekly basis. You should not wait until the week prior to the quiz to attempt the practice problems. I expect you to spend the necessary time between *every* class working practice problems, reviewing the class notes, and reading the text material. Finance is a subject that cannot be learned passively. You must actively practice the subject outside of class.

There will be four quizzes (mini-exams). The four quizzes will be given at the beginning of class and last approximately one hour. Your success on the quizzes will be highly correlated with your out-of-class preparation and work on practice problems. The quizzes are “backward-looking” (i.e., material that has been discussed in class and covered in your readings).

**Grading**

Your final grade will be based on the following weights.

- Quizzes @ 15% each: 60%
- Written Assignment: 10%
- Final Exam: 30%

In accordance with Department of Finance policy for masters level courses (MBA and FI prefixed), it is expected that no more than 35 percent of the students in a given class will receive a grade of A. The majority of the remaining students are expected to receive grades of B. Those students demonstrating significantly lagging performance shall earn grades of C or lower as appropriate. In the past two years, the approximate grade distribution of the sections of this course that I have taught has been 35% A’s; 52% B’s; and 13% C’s, D’s, and F’s

**Make-up Policy**

No make-up quizzes will be given. Everyone must take the final exam.

**Office Hours**

I am on campus most weekdays during business hours. I generally welcome people to “drop-in.” However, I suggest you call my office first to verify that I am available. I am always happy to schedule appointments at mutually convenient times.
Required Skills
This course will build on general skills you should have acquired individually or through other courses. In particular, to survive in the modern business world, working knowledge of the computer (Internet, spreadsheets, word processing, etc.) is essential and will be used in this course.

Course Web Site
I will maintain a web site for this course at http://www.gsu.edu/~fncjtg/Fi8000/. This is where I will post copies of assignments, data sets, and other computer-based files that complement the course material. You should check this site on a regular basis (e.g., a couple of times per week). Also, I will post Adobe Acrobat-readable .pdf files that are the exact (more or less) lecture slides presented in class. The slides are password protected so that students in this semester’s course only may view them. To access the files to view or print, use the password (given in class) when prompted.

Required Materials

*Stock-Trak:* *Stock-Trak* is a faux brokerage firm with whom you will conduct transactions throughout the course. The initial fee to establish an account is about $20. I will distribute sign-up forms in class. This service is not associated with the text and is not available in the bookstore.

*Copying Costs:* You must submit a check to me at the end of the semester (payable to Georgia State University) to cover duplication costs of the distributed lecture notes (usually no more than $10 to $15).

*Calculator:* All business people should have and be proficient at using a financial calculator (one in which you can quickly calculate bond prices and yields, present values, etc.). Bring your calculator to every class meeting.

*Strongly Recommended Materials*
*News:* A daily reading of the *Wall Street Journal* is essential in being up-to-date on the financial and business world. Reading other business periodicals, such as *Barrons* and *Business Week*, or regularly watching business news, such as *CNBC*, is also a benefit to the experience of this course. From time to time, I expect the class to discuss current events in the context of the course. This is intended to relate what we discuss in class to what is happening in the real world.

Administrative Detail
You are responsible for knowledge of any administrative announcements (e.g., test information, schedule and/or assignment changes) made any time during scheduled class periods, regardless of whether or not you are in attendance.

It is your responsibility to check the appropriate sources to establish the last day to withdraw. Note that a “W” is not automatic. The general policy is that a “WF” “...indicates that the student withdrew from the course while doing failing work, did not withdraw from a course before the midpoint of the total grading period (except in cases where hardship status has been determined), or was withdrawn by the student’s professor for excessive absences.”

Beyond three absences from class, you must obtain the consent of the instructor. Other absences above the three mentioned are grounds for withdrawal, with a “WF”, at the instructor’s discretion and initiative. If it occurs, absence from the first class is counted as one of the three allowed discretionary absences. No incompletes will be given.

The Department of Finance adheres to the University’s policy on academic honesty as contained in the “Academic Regulations” section of the University catalog. The section contains some examples of unacceptable conduct including plagiarism, cheating on examinations or quizzes, unauthorized collaboration, etc.

The course outline is only tentative. Depending upon our progress, some topics may be covered in greater depth and for longer periods, some topics may be given less coverage and less time, and some topics may be dropped altogether. In other words, the course syllabus provides a general plan for the course; deviations may be necessary. The final exam is selectively comprehensive.

Proper etiquette dictates that you disable the audible signals on any electronic devices that you bring to class, such as cell phones, pagers, watches, etc.