Investments
FIN 323, Fall 2025
William Mann, Goizueta Business School, Emory University

Course overview:
This course will cover the fundamentals of measuring investment performance and building optimal portfolios within the traditional asset classes of equities, fixed income, and Treasuries. We will cover portfolio optimization, the CAPM, and the evidence on several well-known anomaly strategies in equities and fixed income that have historically outperformed the CAPM required rate of return.

The main goal of the course is to prepare students to work in the areas of portfolio management, equity research, and investment banking. Even for those who will not continue to work in these areas, the course will teach you to be an informed investor and consumer of news about financial markets.

The course is divided into three sections:
1. Traditional asset classes and fund structures: We will describe the markets for fixed income and public equities, and the basic economics driving their prices. We will highlight how to assess investment performance, and the advantages and disadvantages of various fund structures.
2. Diversification, mean-variance analysis, and the CAPM: We will highlight the benefits of diversification, the classic mean-variance approach to portfolio construction based on this insight, and how mean-variance analysis leads us to the CAPM as a model for required returns.
3. Repackaging risk: We will introduce short sales and derivative as ways of repackaging investment payoffs and achieving leverage. We will focus especially on dollar-neutral strategies, and use these to understand multifactor risk models that extend the CAPM to reflect evidence on active returns.

Teaching assistants, virtual TA, and office hours: See Canvas.

Textbook: *Investments* by Bodie, Kane, and Marcus, 13th edition (McGraw Hill).

Grading: Goizueta has a grade distribution that I follow as closely as possible. Grades are based on:
- Five homeworks, each worth 8% of the course grade. Download and submit via Canvas.
  - Each is due by 8:00 AM, Atlanta time, on the dates listed on the next page.
  - You may work individually, or in groups of up to four members.
- Two midterm exams and a final exam, each worth 20% of your grade.
  - The midterms will be in-class on **Tuesday, September 30** and **Thursday, November 6.**
  - The final exam will be in-class on **Tuesday, December 9.**
  - The exams are **not cumulative**. Each one only covers the most recent section of the course.

Technology: I will use Microsoft Excel and Python (Jupyter). All code will be posted to Canvas, and can be run on your own computer, but this is not required. You should complete homeworks in Excel.

Accommodations: Students who are registered with the Department of Accessibility Services (DAS) should submit their accommodation requests to me within the first week of classes. Additionally, students who have accommodations that include assessments and exams must register accommodation requests with the BBA Program Office. The form to do so can be found here.

Honor code: Any apparent violations of the GBS Honor Code will be referred to the Honor Council.

This version: July 18, 2025

Schedule of topics for each week of the semester: Each week has a corresponding tab on Canvas. Before the week starts, check that tab for any required work ahead of time. **There will typically be video lectures for you to watch before class**, and they can be quite long, so please set aside enough time to watch them! Canvas will also contain any examples or other materials we will use in class.

Module 1: Traditional asset classes, portfolios, and funds

Date	*Plan*
Thursday, August 28	Introduction and course overview.
Tues, Sep 2 / Thurs, Sep 4	Fixed income and equities: Markets, trading, valuation, and returns.
Tues, Sep 9 / Thurs, Sep 11	Portfolio returns and index calculations.
Tues, Sep 16 / Thurs, Sep 18	Fund structures: Closed-end funds, mutual funds, and ETFs. **Thursday: Homework #1 due by 8 AM** (8% of course grade).
Tues, Sep 23 / Thurs, Sep 25	Evidence on investment performance, and principles of backtesting. *Tuesday: No class*
Tues, Sep 30 / Thurs, Oct 2	**Tuesday: Midterm exam #1 in class**, on all topics so far (20%). *Thursday: No class*

Module 2: Diversification, mean-variance analysis, and the CAPM

Date	*Plan*
Tues, Oct 7 / Thurs, Oct 9	Diversification and portfolio optimization
Tues, Oct 14 / Thurs, Oct 16	**Thursday: Homework #2 due by 8 AM** (8%).
Tues, Oct 21 / Thurs, Oct 23	The capital asset pricing model (CAPM).
Tues, Oct 28 / Thurs, Oct 30	**Thursday: Homework #3 due by 8 AM** (8%).
Tues, Nov 4 / Thurs, Nov 6	**Thursday: Midterm #2 in class**, on topics since the first exam (20%)

Module 3: Derivatives, short sales, market-neutral strategies, and factor models

Date	*Plan*
Tues, Nov 11 / Thurs, Nov 13	Short sales, derivatives, and dollar-neutral strategies.
Tues, Nov 18 / Thurs, Nov 20	Factor models. **Thursday: Homework #4 due by 8 AM** (8%).
Tues, Nov 25 / Thurs, Nov 27	The profitability and quality factors. *Thursday: No class*
Tues, Dec 2 / Thurs Dec 4	Tuesday: Guest speaker Ward Bortz of Angel Oak Capital Advisers. Thursday: Review for final exam.
Tuesday, December 9	**Final exam in class**, on topics covered since the second exam (20%).
Friday, December 12	**Homework #5 due by 8 AM** (8%).

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