

MONTEREY INSTITUTE OF INTERNATIONAL STUDIES
Fisher Graduate School of International Business

IM 638 – INTERNATIONAL INVESTMENT ANALYSIS – SPRING 2009

PREREQUISITE : IM 536 (Financial Management) or Equivalent.

INSTRUCTOR : Ako Doffou, Ph.D., CFA

OFFICE HOURS : Mondays **4:00 – 6:00 PM** & Wednesdays **2:00 – 4:00 PM**. Office: **MG 300C**
Tel (831) 647-4165; Fax (831) 647-6506. E-mail: ako.doffou@miis.edu

CLASS : Mondays & Wednesdays **12:00 – 1:30 PM**, Monterey Campus, Room **CF 434**

SCOPE & OBJECTIVE:

To expose the students to an analytical treatment of investment theory consistent with the notion of efficient markets. Valuation and the standard paradigm of investment theory will be developed and extended. The course will address investing in international or global markets, basic derivative securities, and an overview of portfolio management. Hence, the objective is to give the students a solid mastery of capital markets, instruments traded in these markets, and the basic equilibrium models needed to manage an investment portfolio.

TEXTBOOK : *Investments*, by Zvi Bodie, Alex Kane and Alan J Marcus, 7th or 8th Edition, McGraw-Hill/Irwin, 2008, ISBN: 978-0-07-353061-1 or 007338237x.
This course requires a financial calculator. The **HP 12C** is recommended.

GRADING : Class Participation: 10%
Group Research Project # 1: 15 %
Group Research Project # 2: 15 %
Midterm Exam: 30 %
Final Exam: 30 %.

POLICY : Students are expected to attend all scheduled classes and to read all assigned chapters before classes. *All students are expected to exercise self-discipline and a respect for the rights of other at all times.* Students should refer to specific regulations governing students academic conduct. Assignments that are turned in late will be penalized. **There are no make-up exams.** Absent written medical reasons, exams must be taken when scheduled. If you are unable to take an exam during the scheduled period, you should see me before the exam.

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<u>Dates</u>	<u>Topics</u>	<u>Assigned Readings</u>
	1. <u>Introduction & Efficient Markets</u>	
<u>Weeks # 1 & 2:</u>	a. The Investment Environment, Markets & Instruments b. Efficient Markets, Implications for Investments c. Statistics Review.	<i>Ch 1, 2, 3, 4, 11 Appendix B of Ch 7</i>
	2. <u>Investor Choice</u>	
<u>Week # 3:</u>	a. Choice Under Certainty b. Choice Under Uncertainty c. The St. Petersburg Paradox	<i>Ch 5; Ch 6; 6A, 6B</i>
	3. <u>Efficient Investment Sets</u>	
<u>Weeks 4 & 5:</u>	a. Capital Allocation Between the Risky Asset and the Risk-Free Asset b. The Efficient Frontier	<i>Ch 6 Ch 7 & 7A</i>
	4. <u>Equilibrium Pricing Models</u>	
<u>Weeks 5 & 6:</u>	a. The Capital Asset Pricing Model b. Index Models c. Arbitrage Pricing Model d. Empirical Evidence on Security Returns	<i>Ch 9 Ch 8 Ch 10 Ch 13</i>
<u>Weeks 7 & 8:</u>	a. <i>Review Midterm & Midterm Exam</i> b. <i>Group Research Project # 1 is Due</i>	
	5. <u>Fixed Income Securities</u>	
<u>Weeks 9 & 10:</u>	a. Bond Prices and Yields b. The Term Structure of Interest Rates c. Basic Principles of Fixed Income Portfolio Management	<i>Ch 14 Ch 15 Ch 16</i>
	6. <u>Security Analysis</u>	
<u>Week 11:</u>	a. Macroeconomic and Industry Analysis b. Equity Valuation Models c. Financial Statement Analysis	<i>Ch 17 Ch 18 Ch 19</i>
	7. <u>Options, Futures and other Derivatives</u>	
<u>Week 12 :</u>	a. Futures Markets b. Options Markets c. Futures Valuation d. Option Valuation	<i>Handouts & Ch 22 Handouts & Ch 20 Handouts Handouts & Ch 21</i>
	8. <u>Portfolio Management Overview</u>	
<u>Week 13:</u>	a. Portfolio Management Process b. International Diversification	<i>Ch 26; 27 Ch 25</i>
<u>Weeks 14 & 15:</u>	a. <i>Review Final Exam & Final Exam.</i> b. <i>Group Research Project # 2 is Due</i>	

END OF CLASSES

AKO DOFFOU

EDUCATION: **Ph.D., Finance**, The University of Georgia, Athens, Georgia, USA.
MBA, Finance, INSEAD, Fontainebleau, France.
MS, Power Systems Engineering, SUPELEC, Paris, France.
BS, Electrical Engineering, ESIGELEC, Rouen, France.

CERTIFICATION: CFA (Charter # 43322), **CLU & ChFC** Charters; **CFP & CFS** Certifications.

RECENT PUBLICATIONS:

1. "Information inherent in Implicit Distributions," *Research In Finance*, Volume 18, Summer 2001.
2. "Testing a Jump-Diffusion Stochastic Interest Rates Model in Currency Options Markets," *Advances in Futures and Options Research*, Volume 11, 2001.
3. "Pricing Currency Options Under Stochastic Interest Rates and Jump-Diffusion Processes," *Journal of Financial Research*, Volume 24, Winter 2001.
4. "Testing a Three-State Model in Currency Derivative Markets," *Journal of Risk*, Volume 4, No. 3, Spring 2002.
5. "Insider Trading: a Review of Theory and Empirical Work," *Journal of Accounting and Finance Research*, Volume 11, No. 1, Spring 2003.
6. "Testing for Bubbles in the Internet Stock Market," *Journal of Business and Economic Perspectives*, Volume XXIX, No. 1, Spring/Summer 2003.
7. "A Robust Test for Bubbles in Emerging Stock Markets," *Journal of Financial and Economic Practice*, Volume 3, No. 1, Fall 2004.
8. "New Perspectives in Asset-Liability Management for Insurers," *Journal of Business and Behavioral Sciences*, Volume 12, No. 2, Spring 2005.
9. "Stochastic Interest Rates and Short Maturity Currency Options," *Financial Decisions*, Volume 18, No. 2, Winter 2006
10. "Empirical Tests for Bubbles in the Asian Emerging Stock Markets," *Business Review, Cambridge*, Vol. 7, No 1, Summer 2007.
11. "Periodically Collapsing Bubbles in the Asian Emerging Stock Markets," *International Finance Review*, Vol. 8, December 2007.
12. "American Put Index Options Early Exercise Premium Estimation," *International Journal of Banking and Finance*, Vol. 6, No 1, December 2008.

RESEARCH INTERESTS: Derivatives, Asset Pricing, and Risk Management.

HONORS & AWARDS:

1. 2007 Asian Finance Association Conference Best Paper Prize Award winner, award sponsored by the University Utara Malaysia.
2. 1999 FMA Best Paper Award winner in the area of Futures/Options on Futures, sponsored by the Chicago Board of Trade Educational Research Foundation.
3. 2000 FMA Best Completed Dissertation Grant winner in Investments, sponsored by the American Association of Individual Investors.
4. Selected for membership in *Beta Gamma Sigma*, University of Georgia (04/99).
5. Listed in the Marquis Who's Who in Finance and Industry 28th Edition 94/95.
6. Honored Lifetime Member of Madison Who's Who Executive Registry.
7. University of Texas Summer 2000 Research Grant.
8. Comer Fellowship Awards, Board of Regents Merit Awards, Ph.D. Research Awards and Graduate Assistantships at the University of Georgia.

WORK EXPERIENCE:

1. Visiting Professor of Finance, *Monterey Institute of International Studies*.
2. Associate Professor of Finance, *Sacred Heart University*.
3. Visiting Associate Professor of Finance, *Claremont Graduate University*.

4. Associate Professor of Finance, *State University of New York*.
5. Assistant Professor of Finance, *University of Texas*.
6. President/Founder, *Doffou & Associates*, a registered investment advisory firm, SEC file # 801 – 42836.
7. Assistant Finance Director, *The Electric Energy of the Ivory Coast*, Cote d'Ivoire.
8. Financial Analyst, *Banque Nationale de Paris*, Paris, France.
9. Electrical Engineer, *CGEE Alstom* and *Merlin Gerin*, Paris & Grenoble, France.

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