

Course Code: FIN 521
Course Name: Investments
Module, Academic Year: Module 2, 2016-17

Course Information

Instructor: *Dr. Erik Benrud, CFA, CAIA, FRM*

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Office Hour: Tuesday 1-3

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Classes:

Lectures: Monday/Thursday, 3:30-5:20

Venue: PHBS Building, Room 319

Special lecture: Wed., November 30: 7pm-9pm CFA ethics

Course Website: TBA—a CMS site will be available

1. Course Description

1.1 Context

Course overview: This course offers the financial theory and quantitative tools needed to determine stock and bond prices, and how financial assets are used for investment decisions. Topics include modelling the relation between risk and return, optimal mean-variance portfolio selection, asset pricing models, money management, and more. The focus is mainly on common stocks, but fixed income securities (bonds) and derivative securities (options, futures) are also analysed.

Prerequisites: Corporate Finance (FIN 530)

1.2 Textbooks and Reading Materials

Text: Bodie, Zvi, Alex Kane, and Alan Marcus, Investments, McGraw Hill, **5th Edition**, 2003

ISBN: 0073530700, 2010 (BKM).

This available online on CMS as a PDF. This text mainly serves as a reference for definitions and formulas. I will post readings from more current sources on CMS.

2. Learning Outcomes

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	Yes
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	Yes
2. Our graduates will be skilled in team work and	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	Yes

leadership.	2.2. Students will be able to apply leadership theories and related skills.	Yes
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	Yes
	3.2. Our students will practice ethics in the duration of the program.	Yes
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	Yes
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Yes
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Yes
	5.3. Our students will demonstrate competency in critical thinking.	Yes

2.2 Course specific objectives

Introduce the different financial instruments and their markets.

Model how investment choices are made based upon return and risk.

Compute and understand the properties of returns of various financial assets including stocks, bonds, and derivatives.

2.3 Assessment/Grading Details

40% Home work and in-class work

60% Two exams

2.4 Academic Honesty and Plagiarism: It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

3. Topics, Teaching and Assessment Schedule

Topics Nov. 10-Dec. 8

BKM 1: The Investment Environment

BKM 3: How Securities are Traded

BKM 5: Introduction to Risk and Return

BKM 7: Optimal Risky Portfolios

Exam I

BKM 2: Asset Classes and Financial Instruments

BKM 4: Investment Companies

BKM 6: Risk Aversion and Capital Allocation to Risky Assets

BKM 9: The Capital Asset Pricing Model

Topics Dec. 8-Jan. 9

BKM 14: Bond Prices and Yields

BKM 16: Managing Bond Portfolios

BKM 21: Option Valuation

BKM 23: Futures, Swaps, and Risk Management

BKM 15: The Term Structure of Interest Rates

BKM 20: Option Markets Introduction

BKM 22: Futures Markets

Exam II