



FIN 513 Investments/Fall Module I: Sept. 2-Jan 15
Peking University HSBC Business School

Location/Time: C-124/M, Th: 10:30-12:20
Office Hours: M 4-5, Tue. 4-5 or by appt.
Tel #: 86-755-2603-3084

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Course Overview: This course offers the institutional details, the financial theory and the quantitative tools necessary for understanding the pricing and use of stocks, bonds and other financial assets. Topics covered include the markets of the various assets, the properties of the assets, how to model the relation between risk and return, the optimal-portfolio selection based on mean-variance analysis, asset pricing models, money management, and more. Although stocks get a lot of attention, the course includes coverage of fixed income securities (bonds) and derivative securities (options, futures, swaps), and alternative investments (hedge funds) and how they combine to make up a well-diversified portfolio.

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.

Approach: The course will consist of lectures, video representations, homework, projects, and discussions. Lectures will include discussions of current events or topics assigned, be me, as research topics. Work in Excel will be part of the learning process. Some assignments will involve downloading data from the Internet and analyzing it in Excel.

Practice Problems: I will periodically post practice problems or assign problems from the text that you should be able to work for the exams.

Assignments to hand in: These will be assigned at various times. They will be Excel problems, cases, and advanced problems. Late assignments will be penalized by a letter grade each day. When specified, you can work in groups of 2s and 3s. You can also work on your own.

Grading:	In-class work/participation	20%
	Homework/Research	20%
	Exams	60%

Course Materials: a time-value of money (TVM) calculator and access to EXCEL and the Internet.

Required Text: Bodie, Zvi, Alex Kane, and Alan Marcus, Investments, McGraw Hill, 9th Edition, ISBN: 0073530700, 2010 (BKM).

Tentative Course Schedule

<u>Week</u>	<u>Topic</u>
Sep. 2	BKM 1: The Investment Environment
	BKM 2: Asset Classes and Financial Instruments
Feb. 5	BKM 3: How Securities are Traded
Sep. 9	BKM 4: Mutual Funds and Other Investment Companies
Sep. 12	BKM 5: Introduction to Risk and Return and the Historical Record
Sep. 16	BKM 6: Risk Aversion and Capital Allocation to Risky Assets
Sep. 18	BKM 6 (Note, this is a Wednesday)
Sep. 19	No Class. Class rescheduled to Sept. 25
Sep. 23	BKM 7: Optimal Risky Portfolios
Sep. 25	BKM 9: The Capital Asset Pricing Model (Note, this is a Wednesday)
Sep. 26	Exam I
Sep. 30	HOLIDAY
Oct. 3	HOLIDAY
Oct. 7	No Class. Class rescheduled to Sept. 18
Oct. 10	No Class. Class rescheduled to Oct. 16
Oct. 14	BKM 14: Bond Prices and Yields
Oct. 16	BKM 15: The Term Structure of Interest Rates (Note, this is a Wednesday)
Oct. 17	BKM 16: Managing Bond Portfolios
Oct. 21	BKM 16: Managing Bond Portfolios
Oct. 24	BKM 16: Managing Bond Portfolios
Oct. 28	BKM 20: Option Markets Introduction
Oct. 31	BKM 21: Option Valuation
Nov. 4	BKM 22: Futures Markets
Nov. 7	BKM 23: Futures, Swaps, and Risk Management

FINAL EXAM TBA