Investment

Prof. Yingzi Zhu

email：[zhuyz@sem.tsinghua.edu.cn](mailto:zhuyz@sem.tsinghua.edu.cn)

一、Course Overview

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Course number | 40511423 | | Course name | | Investment | | School | | | SEM |
| Objective | Help Student to understand the basic principles, analytical and valuation tools for investment in financial markets.  Students will understand the nature and trading process of securities, notion of risk and return, diversification, portfolio efficiency, market efficiency, popular asset pricing models. and valuation methods for investment products such as stocks and bonds. They will also understand the financial markets, financial intermediations, and asset pricing methodology. | | | | | | | | | |
| Professor | Yingzi Zhu | | | | | | | | | |
| TA | TBA | | | | | | | | | |
| Credit | 3 | Total hours（lecture+case study） | | 48(36+12) | | Lecture hours per week | | 3 | 36 / 12 / 48  （lecture/case study/self study） | |
| Language | English | | | | | | | | | |
| Required text | Boadie/Kane/Marcus Investment, 11th Ed | | | | | | | | | |
| Prerequisite | None | | | | | | | | | |
| Level | Undergraduate | | | | | | | | | |

二、Course Description

|  |
| --- |
| 1. Investment environment 2. Security markets and financial instruments 3. Investment process & mutual funds 4. Risk and Return 5. Optimal risky portfolio 6. Capital Asset Pricing model/Arbitrage Pricing Theory 7. market efficiency 8. Bond valuation 9. Stock Valuation 10. Intro to derivatives |

三、Grading

|  |
| --- |
| 3 problem sets (30%), final exam (40%), case study (20%) and Class participation (10%). Case study requirement will be distributed by Apr. 22nd. |

四、Schedule

|  |  |  |
| --- | --- | --- |
| 1 | Investment Environment | Reading: BKM: ch 1 |
| 2 | Asset class and financial instruments | Reading: BKM: ch 2 |
| 3 | Security trading | Reading: BKM ch3 |
| 4 | Risk and Return | Reading: BKM Ch5 |
| 5 | Risk aversion and Capital allocation | Reading: BKM ch 6 |
| 6 | Optimal risky portfolio | Reading: BKM: ch 7; Homework 1 due |
| 7 | Index model | Reading: BKM: ch 8,9 |
| 8 | APT and multifactor model | Reading: BKM: ch 10,13 |
| 9 | Market efficiency | Reading: BKM ch 11; Homework 2 due |
| 10 | Behavioral Finance | Reading: BKM ch 12；Case study due |
| 11 | Bond | Reading: BKM ch 14-15 |
| 12 | Stock valuation | Reading: BKM ch 17-18 |
| 13 | Derivatives | Reading: BKM ch 20 Homework 3 due Jun 6 |
|  | **Final exam** |  |