

# Syllabus

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## **Investments**

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This is designed as an intermediate level course of investments. The aim of this course is to familiarize students with the operations of financial markets and the basic ideas and techniques of investments. The first half of this course will focus on the investment environment, the investment instruments, and the basic portfolio theory. At the end of it, students should understand how financial markets operate and how to determine optimal risky portfolios.

The second part of this course will concentrate on the asset pricing aspect of investments. Students will learn how to apply theoretical asset pricing models to determine fair values of equities and bonds in seemingly efficient financial markets.

Your grades will be based on homework and class participation (30%), a mid-term exam (30%), and a final exam (40%). Notice that the current lecture schedule is subject to changes. That is why it is a tentative one. Of course, I will try to follow the schedule as closely as possible.

Lectures will take place on Mondays, 19:10-22:00. My office hours are 10:00-11:30 every Tuesday. I can be contacted at my office, 261244, or at (02)29393091 ext. 81244. My email address is [wkuo@nccu.edu.tw](mailto:wkuo@nccu.edu.tw).

The following textbooks are recommended:

1. Bodie, Z., Kane, A.J. Marcus, and R. Jain, 2014, Investments, Asia Global Edition, McGraw-Hill Global Education Holdings, LLC. (BKMJ, Main Textbook)
2. Elton, E.J., M.J. Gruber, S.J. Brown, and W.N. Goetzmann, 2013, Modern Portfolio Theory and Investment Analysis, 9<sup>th</sup> Edition, International Student Version, John Wiley & Sons, Inc. (A Good Reference Book)
3. Maginn, J.L., D.L. Tuttle, J.E. Pinto, and D.W. McLeavey, 2007, Managing Investment Portfolios: A Dynamic Process, 3<sup>rd</sup> Edition, John Wiley & Sons, Inc. (A Good Reference Book)

## Tentative Lecture Schedule and Reading Assignment

| Date  | Topic  | Readings                                  |
|-------|--|---|
| 2月17日 | The Investment Environment   | ● BKMJ, Chap. 1                           |
| 2月24日 | 1. Asset Classes and Financial Instruments<br>2. How Securities Are Traded     | ● BKMJ, Chap. 2 & 3                       |
| 3月3日  | 1. How Securities Are Traded<br>2. Mutual Funds and Other Investment Companies | ● BKMJ, Chap. 3 & 4                       |
| 3月10日 | Introduction to Risk, Return, and the Historical Record                        | ● BKMJ, Chap. 5                           |
| 3月17日 | Risk Aversion and Capital Allocation to Risky Assets                           | ● BKMJ, Chap. 6                           |
| 3月24日 | Optimal Risky Portfolio  | ● BKMJ, Chap. 7                           |
| 3月31日 | Index Models   | ● BKMJ, Chap. 8                           |
| 4月7日  | Index Models   | ● BKMJ, Chap. 8                           |
| 4月14日 | Midterm Exam.  | Range for Examination: Chap. 1 ~ Chap. 8  |
| 4月21日 | The Capital Asset Pricing Model  | ● BKMJ, Chap. 9                           |
| 5月5日  | Arbitrage Pricing Theory and Multifactor Models of Risk and Return             | ● BKMJ, Chap. 10                          |
| 5月12日 | The Efficient Market Hypothesis  | ● BKMJ, Chap. 11                          |
| 5月19日 | University Anniversary   |   |
| 5月26日 | Behavioral Finance and Technical Analysis                                      | ● BKMJ, Chap. 12                          |
| 6月2日  | Dragon Boat Holiday  |   |
| 6月9日  | Empirical Evidence on Security Returns   | ● BKMJ, Chap. 13                          |
| 6月16日 | Bond Prices and Yields   | ● BKMJ, Chap. 14                          |
| 6月23日 | Term Exam.   | Range for Examination: Chap. 9 ~ Chap. 14 |

