

Economics 171: Investments

Fall 2007

SO1: T Th 1:00 – 2:20 pm

Professor Lily Qiu
Room 215, Robinson Hall
Email: Lily_Qiu@brown.edu
Office Hours: W, F 9:00 – 10:00 am

TA: Cheng-Tao Tang
Email: Cheng-Tao_Tang@brown.edu
Conference: F 12:00 – 12:50pm Wilson Hall 101
F 3:00 – 3:50 pm Salomon Center 003
Office Hours: T 10:30 – 12:30 pm

Class Webpage: <http://www.econ.brown.edu/fac/Lily%5FQiu/EC1710.html>

This course is about the theory and practice of investments in financial assets, such as stocks and bonds. Topics covered include stock and bond pricing, risk and return, the capital asset pricing model, market efficiency, options, and futures.

The required textbook is *A First Course in Investments*, by Ivo Welch. It can be ordered at <http://www.lulu.com/content/>. The recommended textbook is *Investments*, by Bodie, Kane and Marcus. The current edition is the 7th. You may use the 6th edition. Materials covered in lectures outside the required textbook are also required. I recommend, but do not require, that students subscribe to the *Wall Street Journal*.

Subscription to stock-trak.com is mandatory. The simulated trading starts on Oct. 22nd, and ends on Dec. 7th. A demonstration of the website and trading strategies will be provided on Oct. 18th. Students will be graded according to their portfolio performances relative to the S&P index. Students who beat or do as well as the index get 5% of the final grade.

There will be two midterm exams, on October 16th and November 15th, and each counts 20% of the final grade. A final exam (cumulative) will be scheduled and counts 35% of the final grade. There will also be periodic homework assignments, which count 20% of the final grade. If you miss a midterm due to illness or family emergency, and if you notify me of that fact prior to the exam with a dean's notice, the missed exam will be waived and your grade will depend on the exams actually taken. However, any missed exams without a prior notice will automatically receive a grade of zero.

| TENTATIVE COURSE CALENDAR | | | |
|----------------------------------|------------|-------------|--|
| WEEK | Mo. | DATE | TOPIC |
| 1 | Sept. | Th. 6 | Review of mathematical tools, chapter 6.1, chapter 9 |
| 2 | | T. 11 | Chapter 7: overview |
| | | Th. 13 | Overview, continued |
| 3 | | T. 18 | Chapter 8: Securities and portfolios |
| | | Th. 20 | Chapter 2: Net present value |
| 4 | | T. 25 | Chapter 3 |
| | | Th. 27 | Chapter 4 |
| 5 | Oct. | T. 2 | Chapter 5 |
| | | Th. 4 | Chapter 6 |
| 6 | | T. 9 | Chapter 10 |
| | | Th. 11 | Chapter 11 |
| 7 | | T. 16 | Midterm #1 |
| | | Th. 18 | Stock-trak simulation demo (on-line trading starts Oct. 22 nd) |
| 8 | | T. 23 | Chapter 12 |
| | | Th. 25 | Chapter 13 |
| 9 | | T. 30 | Chapter 13, continued |
| | Nov. | Th. 1 | Chapter 14 |
| 10 | | T. 6 | Chapter 15 |
| | | Th. 8 | Chapter 16 |
| 11 | | T. 13 | Chapter 18 |
| | | Th. 15 | Midterm #2 |
| 12 | | T. 20 | Assigned reading |
| | | Th. 22 | THANKSGIVING BREAK |
| 13 | | T. 27 | Chapter 20 |
| | | Th. 29 | Chapter 20, continued |
| 14 | Dec. | T. 4 | Handout: futures |
| | | Th. 6 | Chapter 21 |

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SO2: T Th 2:30 – 3:50 pm

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Room 215, Robinson Hall
Email: Lily_Qiu@brown.edu
Office Hours: W, F 9:00 – 10:00 am

TA: Tai-Sen He
Email: Tai-Sen_He@brown.edu
Conference: W 12:00 – 12:50pm Wilson Hall 309
W 7:00 – 7:50 pm Wilson Hall 309
Office Hours: Th 10:30 – 12:30pm

Class Webpage: <http://www.econ.brown.edu/fac/Lily%5FQiu/EC1710.html>

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| | | Th. 6 | Chapter 21 |