

## Economics 1710: Investments

Spring 2010

SO1: T Th 10:30 – 11:50 am

Watson (CIT) Center 227

Professor Lily Qiu

Room 215, Robinson Hall

Email: [Lily\\_Qiu@brown.edu](mailto:Lily_Qiu@brown.edu)

Office Hours: MW 11 – noon

TA: Gabriel Plano

Email: [gabriel\\_plano@brown.edu](mailto:gabriel_plano@brown.edu)

Conference: Wednesday 12:00 pm - 12:50 pm Salomon Center 003

Wednesday 7:00 pm - 7:50 pm Rockefeller Library 205

Office Hours: Tuesday 7pm – 9pm Science Library

### Course Description

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 *Investments, 8<sup>th</sup> edition*, by Bodie, Kane, and Marcus. I recommend, but do not require, that students subscribe to the *Wall Street Journal*.

### Grades:

Midterm 1	Feb 25 <sup>th</sup>	20%
Midterm 2	March 25 <sup>th</sup>	20%
Final (cumulative)	9am, May 15 <sup>th</sup>	40%
Homework assignments	weekly	20%

### Missed exam policy:

If you miss a midterm due to illness or a family emergency, AND if you notify me of that fact prior to the exam with a dean's notice, the missed midterm will be waived and your grade will depend on the remaining exams and homework assignments. The final is scheduled by the registrar's office. A dean's notice is required to take a make-up final at a later date. Any missed exams without a prior notice will automatically receive a grade of zero.

### TENTATIVE COURSE CALENDAR

WEEK	Mo.	DATE	TOPIC
1	January	Th. 28	Overview, Ch 1-2
2	February	T. 2	Overview, Ch 1-2
		Th. 4	Security trading, Ch 3
3		T. 9	Security trading, Ch 3
		Th. 11	Investment companies, Ch 4
4		T. 16	Diversification, Ch 5
		Th. 18	Portfolio risk and the Mean-Variance frontier
5		T. 23	No Class
		Th. 25	<b>Midterm #1</b>
6	March	T. 2	Asset allocation and the Mean-Variance efficient frontier
		Th. 4	CAPM, I
7		T. 9	CAPM, II
		Th. 11	CAPM, III
8		T. 16	Net present value, supplemental
		Th. 18	Interest rates and bonds, Ch 14
9		T. 23	Review
		Th. 25	<b>Midterm #2</b>
10		T. 30	Spring break
	April	Th. 1	Spring break
11		T. 6	Bond price volatility, Ch 16
		Th. 8	Inefficient market, Ch12
12		T. 13	Option I
		Th. 15	Option II
13		T. 20	Option Valuation, I
		Th. 22	Option Valuation, II
14		T. 27	Option Valuation, III
		Th. 29	Futures, Ch 22