Course Overview

Legend:

BKM: Bodie, Kane, and Marcus, "Essentials of Investments" Fifth Edition
RWJ: Ross, Westerfield, and Jordan, "Essentials of Corporate Finance," Custom Edition.
: Graded problem sets. (Listed on due date.)
: Suggested problems, not graded. (Listed with related topic.)
Excel files are on Blackboard – Course Documents – Excel
In addition, we will use the handouts from your course packet and the lecture notes.

Examples:
Readings: "BKM 1" means all of Chapter 1;
Readings: "BKM 3.8, 5." means Chapter 3 Section 3.8, and all of Chapter 5.
Problems: "BKM 3.6." means Chapter 3, Problem 6.

Lectures: (UPDATED June 21, 2005)

#	Date	Topic	Readings	Problems
01-1	June 28	Overview of class. Financial instruments and why we need them.	BKM 1, 2.	
01-2		Financial markets. How securities are traded.	BKM 3.1-3.8, 17.1-17.3.	BKM 3.6.
02-1	June 30	Time value of money. FV, PV, annuities, perpetuities.	RWJ 4, 5.1, 5.2.	RWJ 4.8, 4.11, 4.15, 4.16, 4.25, 5.4, 5.10, 5.11, 5.19, 5.33.
02-2		Return measures	RWJ 5.3-5.4 BKM 5.1.	BKM 5.1.
03-1	July 5	Statistics review.	RWJ 5.3. BKM 5.1.	P01
03-2		Risk and expected return.	BKM 5.2-5.3.	BKM 5.4, 5.5.
03-3		Interest Rates. Portfolio selection with a riskless security.	BKM 5.4-5.5, 6.3	BKM 6.7-10.

03-4		*Core enhancement orientation*	tutorial	
04-1	July 7	Portfolio selection with two risky securities.	BKM 6.1-6.2.	BKM 6.5.,6.6 Excel example: portfolio selection
04-2		Portfolio selection with multiple risky securities.	BKM 6.4	BKM 6.13.
05-1	July 12	Equilibrium asset pricing: The Capital Asset Pricing Model.	BKM 6.5, 7.1-7.3.	BKM 7.3, 7.8-12, 7.15, 7.17-18. P02 Excel example: CAPM
06-1	July 14	Market Efficiency.	BKM 8.	BKM 8.3, 8.17, 8.20.
06-2		Review Session (1 hr). Send questions in advance.		
07-1	July 19	**Midterm.**		P03
07-2		Equity valuation.	BKM 12.	BKM 12.1, 12.3
08-1	July 21	Arbitrage.	Lecture notes.	
08-2		Fixed income securities: Prices and yields.	BKM 9.1-9.4	BKM 9.2, 9.4, 9.22
09-1	July 26	Fixed income securities: Yield curve and forward rates.	BKM 9.6.	P04 BKM 9.30
09-2		Management of interest-rate risk: Duration and immunization.	BKM 10.1-10.4	BKM 10.1-4. Excel example: immunization

10-1	July 28	Options basics and strategies.	BKM 14.1-14.4.	BKM 14.5, 14.22.
10-2		No-arbitrage bounds on options and the put-call parity.	BKM 14.2, 15.1. BKM p. 546-549.	BKM 15.1, 15.22.
11-1	August 2	Binomial Option Pricing.	BKM 15.2.	P05 BKM 15.27.
11-2		Black-Scholes-Merton Option Pricing.	BKM 15.3-15.4.	BKM 15.7 Excel example: option
11-3		Review Session (1 hr). Send questions in advance.		
12	August 4	**Final Exam.**		Core Enhancement Assignment is Due!