

Syllabus

University of California-San Diego

Econ 173A
Investments (Financial Markets)
Summer Session II, 2011

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Prerequisites: Econ 100A or 170A; and Econ 120B

Course Description

Portfolio theories; asset pricing theories; portfolio management and portfolio performance measurements; interest rates and bond management; the pricing of derivative securities; and stock valuation.

Textbook:

Investments, 9th Edition
Bodie,Kane and Marcus
McGraw-Hill, 2011

This text is required. You will find it available at UCSD campus bookstore.

Exams and grading Procedure:

Grades will be based on two exams, a midterm and final. They will carry weights of 40 percent and 60 percent respectively. The final exam is comprehensive and will cover the entire course materials.

Here is the preliminary schedule of exams:

Midterm:	Wednesday, August 17, 2011
Final exam	University scheduled exam on Friday, September 2, 3:00 - 5:00 p.m.

Grades will be assigned as follows:

Scores 60-100	C- to A+
Scores between 50 and 59	D
Scores below 50	F

No early or make-up exams will be given and no exam will be rescheduled for any reason. So, please do not ask for exam at a different time. If you cannot take the midterm exam due to illness, your course grade will be based on the final if you bring an evidence from a doctor.

Class attendance is viewed as essential for good performance. Students who miss classes repeatedly do not typically do well in the course. So, class attendance is strongly recommended.

The Outline of the Topics

Part 1: Portfolio Theory and Selection

- Ch. 5: Introduction to Risk and Return
- Ch. 6: Risk Aversion and Capital Allocation
- Ch. 7: Optimal Risky Portfolios
- Ch. 8: Index Models

Part 2: Asset Pricing Theories

- Ch. 9: The Capital Asset Pricing Model
- Ch. 10: Arbitrage Pricing Theory and Multifactor Models of Risk and Return

Part 3: Interest Rates and Bond Management

- Ch. 14: Bond Yields and Prices
- Ch. 15: The Term Structure of Interest Rates
- Ch. 16: Managing Bond Portfolios

Part 4: Derivatives

- Ch. 20: Options Markets—Introduction
- Ch. 21: Options Valuation
- Ch. 22: Futures Markets

Part 5: Applied portfolio Management

- Ch. 24: Portfolio Performance Evaluation
- Ch. 27: The Theory of Active Portfolio Management

Notes: (1) The syllabus is subject to change. Based on progress, some materials may be added or omitted.

(2) Announcements will be made at the end of each class.