

**UCSD**  
**Department of Economics**

**ECON 175**  
Financial Investments  
Winter Term, 2005  
MWF, 12:00-12:50  
Peterson Hall 110

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REQUIRED TEXT	Charles P. Jones, <i>Investments: Analysis and Management</i> , 9 <sup>th</sup> Ed. Wiley, 2004.
STOCK-TRAK	Trading Simulation. You must activate an account. Registration Fee = \$22.95. <a href="http://www.stocktrak.com/">http://www.stocktrak.com/</a>
PREREQUISITES	Econ 120A (Statistics)

**COURSE DESCRIPTION**

This course covers the basics of financial investments. This includes an overview of financial instruments, financial markets and how they operate, interest rates, portfolio theory, asset pricing models, and the concept of market efficiency.

**Grading**

Problem Sets (At least 4)	10%
Midterm	40%
Final	50%

Stock-Trak is a financial market simulation. You will be provided with a fictional \$500,000 account that you can use to buy and sell real assets at their real-time market price. You will be able to trade from 1/10 through 3/11. You will be allowed a maximum of 200 trades during this period. The top 10 performers will receive extra credit equal to one problem set.

Problem sets are due at the beginning of class on the due date. Work handed in should reflect the student's individual effort.

Midterm date: Thursday, February 9 in class

Final date: Wednesday, March 16 11:30-2:30 according to course catalogue

There are no alternate exam times. Students in need of special exam accommodation, must inform the instructor during the first two weeks of class and provide appropriate documentation.

No cell phone use in class or during exams.



## Course Outline (Tentative)

### I. Investment Foundations

Introduction (chp 1)

Securities (chp 2)

Indirect Investing (chp 3)

Securities Markets (chp 4)

Trading (chp 5, pp. 112-114, 118-123)

### II. Investment Concepts

Fixed Income Securities/Interest Rates (chp 17)

Return and Risks (chp 6)

### III. Investment Theory

Diversification and Portfolio Analysis (chp 7 pp.163-181)

Portfolio Selection (chp 8)

Capital Market Theory: CAPM and APT asset pricing model (chp 9)

Common Stock Valuation (chp 10 pp.248-263)

Other Indicators of Value (chp 10 pp. 263-272)

Market Efficiency (chp 12)