Dongseo University
Division of Business Administration
Investment Analysis

Course Description (Goals & Objectives):
The focus of this course is on the financial theory and empirical evidence that are useful for investment decisions. The topics covered in this course can be broadly categorized into four groups:

1. Financial theories
2. Empirical evidence in the equity and equity options markets
3. Introduction to fixed-income and credit sensitive instruments
4. Market efficiency and "active" investments

A sound investment decision requires in-depth knowledge of the financial markets, rigorous analytical thinking and precise mathematical derivation. The main objective of this class is to teach you these three elements:

1. Analytical tools
2. Quantitative skills
3. Empirical knowledge

Course Outline:

● Week 1
  The investments environment

● Week 2
  Asset classes and financial instruments

● Week 3
  How securities are traded

● Week 4
Mutual funds and other investment companies

- **Week 5**
  Learning about return and risk from the historical record

- **Week 6**
  Risk aversion and capital allocation to risky assets

- **Week 7**
  Optimal risk portfolio

- **Week 8**
  Midterm exam

- **Week 9**
  The capital asset pricing model

- **Week 10**
  Arbitrage pricing theory and multifactor models of risk and return

- **Week 11**
  The efficient market hypothesis

- **Week 12**
  Bond prices and yields

- **Week 13**
  The term structure of interest rates

- **Week 14**
  Managing bond portfolios

- **Week 15**
Equity valuation models

- **Week 16**
  Final exam

**Textbook(s):**
Required: Zvi Bodie, Alex Kane, Alan J. Marcus (2009), Investments (8th Edition), McGraw-Hill

**Class Website:** e-Class

**Course Assignments & Grading:**
- Exams: Midterm (30%), Final (30%)
- Assignments: 20%
- Attendance and Participation: 20%