COURSE DESCRIPTION

The purpose of this course is to provide students with a detailed understanding of how security markets operate, how capital markets price securities, and how investors or investment managers combine assets into portfolios and set effective investment strategies. The main analyzing tools are mainly based on modern portfolio theories (MPT). This course will discuss how statistical and mathematical tools can be used effectively to analyze many aspects of portfolio management. This course will also investigate issues related to portfolio selection: Markowitz's full-information methods, index methods, and investment performance measurement, etc. Equilibrium asset pricing models such as the Capital Asset Pricing Model and the Arbitrage Pricing Theory and issues related to market efficiency will also be discussed.

COURSE MATERIALS

3. Lecture notes

CLASS ORGANIZATION & ADMINISTRATION

PREQUISITES

Financial Management, Calculus, and some probability and statistics courses are prerequisites. Investment Analysis is recommended, but not required.

ACADEMIC INTEGRITY and CODE OF CONDUCT

*I do NOT tolerate cheating*. Students are responsible for understanding the RU Academic Integrity Policy (http://academicintegrity.rutgers.edu/files/documents/AI_Policy_2013.pdf). I will strongly enforce this Policy and pursue all violations. All students are expected to know, understand and live up to the standards of academic integrity and code of student conduct explained at http://judicialaffairs.rutgers.edu/academic-integrity http://judicialaffairs.rutgers.edu/university-code-of-student-conduct
ATTENDANCE AND CLASSROOM CONDUCT
Students are responsible for everything that is announced, presented or discussed in class, and are responsible for all work missed during an absence, no matter what is the reason for the absence. The way to make a good understanding associated with this course is to attend class. Attendance is required and there is a strong correlation between attendance and grades. We are all responsible for maintaining a classroom environment that is conducive to learning and discussion. We need to create a respectful learning environment:

- That the instructor and students notice and respect each other.
- Respect includes appropriate humor, enjoyment, or other indications of a comfortable and pleasant classroom community.
- Expect me to arrive on time for each class session. I expect the same of you.
- Expect me to remain for the entirety of each class session. I expect the same of you.
- We are on time for class: no late arrivals and no packing up early.
- We avoid disruptions during class such as private conversations, reading newspapers, use of a cell phone (make sure if it is turned off before the class), using a laptop for something other than current classroom work, and, of course, sleeping.
- For weather emergencies, consult the campus home page. If the campus is open, class will be held.
- IMPORTANT!!: Please turn off and stow away all electronic devices during class.

FINIAL GRADE ASSIGNMENT
Course grades are determined as follows:

Midterm exam: 30%
Final exam: 40%
Quiz #1: 10%
Quiz #2: 10%
Class participation & attendance: 10%

- All exams and quizzes are of a format in closed-book and closed-notebook. Only two items are allowed: a scientific calculator and pens/pencils.
- I do not give make-up exams/ quizzes, except for very rare cases such as hospitalization.
- The final grade will be determined based on the aggregated score of the all of the above categories.
- No extra credit will be given in any circumstances.

Your final grade is not subject to negotiation. If you feel I have made an error, submit your written argument to me within one week of receiving your final grade, together with all due supporting documentation. I will adjust grades only if I have made an error.
### Course Schedule

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<td>2</td>
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<td>Efficient portfolios and diversification</td>
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