
Economics of Investments & Financial Management (EIFM 440.643) — Spring 2015
Professor Cindy M. Vojtech

Class: Thursday 6:00-8:45 PM, Room TBD

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1 Overview

This course is meant to develop a deeper understanding of financial markets in the context of portfolio theory. In addition to understanding how financial markets operate and relate to the broader economy, students will develop skills to analyze investment decisions and manage investment portfolios. Students will learn efficient market hypothesis (EMH), criticisms and implications of EMH for investment strategies, modern portfolio theory and practice, and tools for evaluating performance. Throughout the course, several financial models will be analyzed especially as they relate to real-life asset allocation decisions.

Textbook (required)

Investments, 10 ed. by Bodie, Kane, and Marcus (ISBN 978-0-07-786-167-4).

Some additional materials related to the book can be found on the related McGraw Hill website:

http://highered.mheducation.com/sites/0077861671/student_view0/index.html

BlackBoard

BlackBoard will be used to post practice problems, the data exercises, and lecture materials.

2 Grading Policy

Financial Economics (440.640) is a prerequisite for this course. EIFM consists of a combination of lectures, problem sets, and tests. There will be two midterms and a comprehensive final. Students are expected to participate in class lectures.

Weights:

Midterm 1	25%
Midterm 2	25
Final	30
Data Exercises	10
Participation	10
Total	100%

Exam Policy

- The midterms and final must be taken on the scheduled dates. The only exceptions allowed are (1) University-sponsored exception (e.g., snow day); and (2) unforeseen and officially documented illness, accident, or family crisis.
- Calculators allowed, EXCEPT no cellphone calculators and no computers.
- Closed book, closed notes, but students are allowed one 4"x6" index card for formulas and notes.

Review Sessions

The Saturday before the midterms and before the final I will hold a review session (Feb. 21, Apr. 4, and May 2). I will not have any planned materials. It will be a session driven by questions from students.

3 Detailed Agenda

Class	Date	Topic	Due	Reading
Introduction				
1	01/29/15	Introduction & The Investment Environment		BKM 1
2	01/29/15	Asset Classes and Financial Instruments		BKM 2
3	02/05/15	How Securities Are Traded		BKM 3
4	02/05/15	Mutual Funds and Other Investment Companies		BKM 4
Portfolio Theory and Practice				
5	02/12/15	Risk, Return, and the Historical Record		BKM 5
6	02/12/15	Capital Allocation to Risky Assets		BKM 6
7	02/19/15	Optimal Risky Portfolios	Data Ex 1	BKM 7
8	02/19/15	Index Models		BKM 8
9	02/26/15	Midterm: in class, closed notes and book	Midterm	
Equilibrium in Capital Markets				
10	02/26/15	CAPM, APT, & Multifactor Models of Risk and Return		BKM 9 & 10
11	03/05/15	Multifactor Models (con't)		
12	03/05/15	The Efficient Market Hypothesis (EMH)		BKM 11
13	03/12/15	EMH (con't)		
14	03/12/15	Behavior Finance & Empirical Evidence on Security Returns		BKM 12 & 13
	03/19/15	*** Spring Break ***		
Fixed-Income Securities				
15	03/26/15	Bond Prices and Yields	Data Ex 2	BKM 14
16	03/26/15	The Term Structure of Interest Rates		BKM 15
17	04/02/15	The Term Structure of Interest Rates (con't)		
18	04/02/15	Managing Bond Portfolios		BKM 16
19	04/09/15	Midterm: in class, closed notes and book	Midterm	
Security Analysis				
20	04/09/15	Macroeconomic and Industry Analysis & Equity Valuation Models		BKM 17 & 18
Options, Futures, and Other Derivatives				
21	04/16/15	Options Markets: Introduction		BKM 20
22	04/16/15	Option Valuation		BKM 21
23	04/23/15	Futures Markets		BKM 22
24	04/23/15	Futures, Swaps, and Risk Management		BKM 23
Applied Portfolio Management				
25	04/30/15	Portfolio Performance Evaluation		BKM 24
26	04/30/15	Hedge Funds & Theory of Active Portfolio Management		BKM 26 & 27
	05/07/15	Final: in class, closed notes and book	Final	

4 Other Useful Resources

JHU Weather Emergency Information

The latest information will always be available to you in two places:

1. The Johns Hopkins emergency hotline at 410-516-7781 or, from outside the Baltimore area, 1-800-548-9004.
2. The Johns Hopkins emergency notices web page at <http://webapps.jhu.edu/emergencynotices>.

Special Accommodations

The Johns Hopkins University is committed to providing reasonable and appropriate accommodations to students with disabilities. Students in Advanced Academic Programs (AAP) who are in need of accommodations should visit <http://advanced.jhu.edu/current-students/current-students-resources/disability-accommodations/> for the appropriate steps and documentation needed. Requesting accommodations before the semester is preferable, but not required. The student should submit the Request for Accommodation Form prior to the beginning of each semester (s)he is registered to ensure that accommodations continue for that semester. Depending on the accommodation, there may be a time delay before accommodations can be implemented.

Other

See the BlackBoard “Syllabus” tab for other information on such things as ethics, plagiarism, and dropping the course.