

National Chengchi University  
Department of Finance  
ETP Graduate Investments  
Fall 2013

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Office Hours: 02:00 - 03:00 p.m. Wednesdays and by appointment

Course Readings:

1. Required readings:

HBS cases

A reading packet prepared by the instructor

1. Reference readings:

不理財也發財—我的幸福理財書，周行一著，天下文化出版

Life 理財學，周行一著，天下文化出版 ( 02 ) 2662-0012

Investments, 9th ed., by Zvi Bodie, Alex Kane and Alan J. Marcus, Taiwan distributor:

華泰文化 (02) 2377-3877

A Random Walk Down Wall Street--Including A Life -cycle Guide to Personal Investing, by Burton G. Malkiel

Course objectives:

This course covers important topics in investment analysis. Much emphasis is on training the students to develop critical thinking ability in investment analysis and the formulation of investment strategy. The contents included are: investment process, asset allocation, asset selection decision, portfolio execution, performance evaluation, and corporate governance. The course is analytical in nature. Students should expect the course to be substantially more rigorous than its undergraduate counterparts. I expect you to have had basic knowledge of corporate finance, investments, economics, and statistical analysis. An important part of class discussion is done through case studies.

Requirements:

1. This semester has seventeen weeks of class meetings. The flow of our discussion will basically follow the schedule below. My objective is very simple: to make you an investor who can think critically based on solid academic background and broad common sense. I will be the one who leads the discussion in class. However, the class will be a seminar in nature. Therefore, I expect you to be very active in participating in the class discussion. A substantial part of your final grade (60%)

will be determined by the quality of your participation, namely, the extent of your understanding of the class material, the quality of your discussion and the insight you provide to the class. You definitely will be called upon in each class to either discuss the class material or comment on a point in issue. You need to form work groups for all the work in this class. Each group consists of four to six students. You need to write a term paper for the class. The term paper can be either of two types. One, pick a topic related to the subjects covered in our class. Write a paper using empirical data or stylized facts to analyze the topic. Find a topic that is interesting for others to read. You are encouraged to have as much as originality in your paper. Two, a good case study is very much encouraged. In the fifth week you shall submit to me a one-page description of your topic. Please let me know why and how you are going to write the paper. In the sixth week we will discuss your proposal in class. Please prepare a five-minute presentation on your proposed topic for other students to comment on your proposal. In the final two meetings of the semester you need to present your paper to the class. The presentation time is 20 minutes, no more and no less. The report needs to have the following components: your reasons to pick the subject, background information about the subject, your analysis, and conclusion. Data analysis is desirable but not required. However, empirical evidence is always useful, whether from literature or from your own analysis, for substantiating your conclusion.

2. On the day when we have a case study your case group has to turn in your answers to the case questions. I will randomly grade your report.
3. I reserve the right to have a final examination. If the students perform well during the semester, then the final examination will be waved.
4. Your final grade will be determined by the term paper (40%) and class participation and case reports (60%).

#### Course outline:

1. Lecture and discussion: Introduction and get acquainted: the investment process  
不理財也發財—我的幸福理財書，周行一著，天下文化出版  
Chpts. 1, 2, 28
2. Lecture and discussion: Financial Planning and investment process  
不理財也發財—我的幸福理財書，周行一著，天下文化出版  
Chen, Ibbotson, Milevsky & Zhu FAJ  
Bodie & Crane FAJ  
Chpts. 1, 2, 28
3. Case study: financial bubble  
Case: Trouble with a bubble (9-808-067)34  
Chpts. 1, 2, 3,, 21, 22
4. Case study: investment banking business and global financial crisis  
Case: Investment banking in 2008 (A): Rise and fall of the Bear (KEL378)  
Case: Investment banking in 2008 (B): A brave new world (KEL380)  
Chpts. 3, 4, 26, 27
5. Case study: Risk and return analysis  
Case: Beta Management Company (9-292-122)  
陳虹伶、周行一、徐苑玲、黃寬彥，台灣金融財務季刊  
Chpts. 5, 6, 7, 8, 9  
Remember to turn in your term paper proposal.
6. Case proposals discussion

7. Case study: Asset allocation  
     Case: Investment Policy at the Hewlett Foundation (2005) (9-205-126)  
     Perold and Sharpe FAJ  
     Chpts. 17, 18,, 19, 26, 27
8. Case study: International investment and exchange rate risk  
     Case: Innocents Abroad: Currencies and International Stock Returns (9-204-141)  
     Chpts. 25
9. Case study: Market efficiency and investment strategy  
     Case: Dimensional Fund Advisors, 2002 (9-203-026)  
     Chow, Hsiao & Solt JBFA  
     Chpts. 11, 12, 24
10. Case Study: Security design and selection  
     Case: Corning: Convertible Preferred Stock (9-206-018)  
     Chpts. 18, 26
11. Case study: Fixed income analysis and behavioral finance  
     Case: Washington Mutual's covered bonds (9-209-093)  
     Chpts. 14, 15, 16, 18
12. Case study: Private equity and investment analysis  
     Case: Tad O'Malley: The investment conundrum (9-808-125)  
     Chpts. 22, 26
13. Case study: Implementation efficiency  
     Case: The Nikkei 225 Reconstitution (9-207-109)  
     Chpts. 3, 4, 27
14. Case study: Corporate governance and investment  
     Case: Milking Money out of Parmalet, Francesca Toninato, 2005 (0-305-041, IES119)  
     Chpts. 1
15. Case study: Financial ethics  
     Case: Conflicts on a Trading Floor (A) (9-394-060)  
     Chpts. 1
16. Case presentation by students and discussion
17. Case presentation by students and discussion

I may invite speakers to give talks to you. To be announced.

FAJ: Financial Analyst Journal

JBFA: Journal of Business, Finance and Accounting