

QUEENS COLLEGE – CUNY  
University of Shanghai for Science and Technology  
Syllabus

**Investments(投资学)**

**Text: Essentials of Investments** – Sixth Edition  
Bodie, Kane, and Marcus (published by Irwin McGraw Hill, 2007)  
ISBN: 0-07-304153-X

This course is an introduction to the study of finance. Finance is a combination of business, economics, and management applied to the analysis of the valuation of financial assets, as well as to the process of constructing investment portfolios. Modern financial theory is an exercise in the management of risk and return. The goal of the course is to develop an understanding of issues and skills that individuals and businesses must master in order to make financial decisions in highly complex and evolving globally integrated financial markets. The material that you will study in this course applies to the real world and will allow you to begin developing your abilities towards a rewarding career. Whether you are manager, a marketing person, an entrepreneur, or a *chuppie*, (what's that?!? do you know?) you will need to understand the basics of finance to function professionally in the business world.

To accomplish our task, I have several goals for you, as my students.

*You will begin to:*

1. Learn the vocabulary and terminology of the field of finance.
2. You will study some of the foundation principles which create the “logic” of financial thinking:
  - I) There is a money value associated with the passage of time.
  - II) Most investors are risk averse.
  - III) There is a trade-off between risk and return.
  - IV) Investors require compensation to tolerate added risk.
  - V) Liquidity is desirable.
  - VI) Diversification can reduce some risk, but not all risk.
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  - VIII) Leverage can magnify profits and losses.
  - IX) Cash flows are valued based on size, timing, and risk.
  - X) Sometimes additional choices open to an investor can add economic value.

I would say that anything we study is essentially an application of one or more of these principles.

3. You will develop an appreciation of the three major types of securities and their characteristics: bonds (fixed-income securities); stocks (equity securities); and derivative instruments (futures, options, forwards, swaps, etc.).

4. You will be introduced to the role of risk management in finance – and the development of hedging strategies – business strategies used in finance to reduce the risk that an investor or firm is exposed to under certain situations or circumstances.

some rules which must be followed:

- A) Attendance is mandatory – don't be late.
- B) Cheating on an exam results in a failure in the course.
- C) All cell phones and pagers must be turned be OFF during class – no text messaging either!
- D) Class participation is expected. Questions are always encouraged.
- E) Homework should always be completed on-time.
- F) No talking in class, unless it's with me or you are instructed to work in groups on a problem.

Your grade will be determined by a final exam which will cover the entire syllabus. You must study the course material every day and do homework problems in order to prepare your final exam.

**Our course will proceed as follows:**

**(Part I) – Introduction:** What is investing?

**(Chapters 1-4):** ■ Basics of Securities ■ Financial Markets and Financial Institutions

**(Part II) – Portfolio Theory:**

**(Chapters 5-8):** ■ What is the Relationship Between Risk and Return? ■ The CAPM and APT ■ Are Financial Markets Efficient?

**(Part III)– Bonds, Stocks, and Derivatives:**

**(Chapters 9-16):** ■ Why are Bonds Sexy? ■ Why Do Stock Prices Fluctuate? ■ What Is the Purpose of Derivatives and Why Are They So Important to Finance?