

**NATIONAL TAIWAN UNIVERSITY**  
**Department of International Business**  
**Investments (投資學)**

**Professor Jr-Yan Wang (王之彥)**

**Room 102, Building 2, College of Management**

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**Fall 2020**

**Thursday 9:10-12:10**

**02-33664987**

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### **COURSE DESCRIPTION**

An investment is the current commitment of money or other resources in exchange for future benefits, i.e., you sacrifice something of value now and expect to benefit from that sacrifice later. In theory, the **rate of return (報酬率)** you earn and the **degree of risk (風險程度)** you bear from the investment are the two major factors to determine investment decisions. Students who take this course will learn how to estimate the rate of return and the degree of risk for **financial assets or portfolios (金融資產或組合)** and thus make investment decisions.

Specifically speaking, the course objectives include 1) to understand the characteristics of various **financial securities (金融證券)**; 2) to know **trading mechanisms (交易機制)** for financial instruments in different **securities markets (證券市場)**; 3) to learn the **security valuation methods (證券評價方法)** (e.g., DCF, CAPM, APT, macroeconomic or financial statement analysis, Black-Scholes option pricing formula, etc.) and how to identify over- or under-valued securities; 4) to analyze the **market efficiency (市場效率性)** and thus know which **trading strategies (交易策略)** (i.e., EMH and fundamental and technical analysis) are appropriate in different markets; 5) to apply the principle of the **portfolio theory (投資組合理論)** to construct risk-diversified portfolios.

Understanding the content of this course not only gives you a sense to manage your wealth in the future but also builds you a solid foundation for more advanced courses in the finance field.

### **VERSUS FINANCIAL MANAGEMENT**

Some content of this course is similar to that in Financial Management because both courses discuss the financial markets, financial securities, the valuation of debt and stock, etc. However, the major difference between these two courses is the **different viewpoints they stand for (角度不同)**. In **Financial Management (財務管理)**, we

study financial and investing decisions for **firms (公司)** (more specifically, focusing on how firms invest projects and how they raise the money to pay for these investments), but in **Investments (投資學)**, we study investment-related knowledge and decisions for **institutional or individual investors (機構或個別投資人)**. In addition, the (optimal) capital structure and dividend policy are exclusively introduced in Financial Management, but Investments pays more attention on portfolio management, security analyses, and trading strategies. After all, some basic tools, like DCF or IRR, are usually taught in Financial Management but not in Investments, so the suggested sequence is to learn Financial Management first and then Investments.

### **TEXT AND LECTURE NOTES**

Lecture Notes: <http://homepage.ntu.edu.tw/~jryanwang/> → Course Information → Investments (undergraduate level)

(The most updated PowerPoint files for the lecture each week are available after 9:00 p.m. every Wednesday.)

(DO NOT access CEIBA for the syllabus and lecture notes.)

Required Text: Essentials of Investments, by Bodie, Kane, and Marcus, 2019, 11<sup>th</sup> ed.

(The representative bookstore of this book in Taiwan is 華泰文化. If you decide to purchase the text book together, you can contact Mr. 劉朝棟 via (02) 2162-1217 ext. 113.)

Lecture Video: The each-week lecture video will be posted on NTU COOL in the 24 hours after the class dismissed.

### **EXAMS AND GRADING**

Midterm Exam 50% (on Nov. 12<sup>th</sup>)

Final Exam 50% (on Jan. 14<sup>th</sup>)

- ※ The exam dates are regulated by NTU. Please ensure that you will be available to attend these two exams before you decide to take this course.
- ※ If you cannot attend the exams due to other reasons, you need to notify me in advance and show me some proofs, e.g., a medical diagnosis. Any late notification is not acceptable.
- ※ The range for the each exams depends on the speed of my lecture. On average, I will teach one chapter in a three-hour lecture. The range is not accumulative for the final exam.

- ※ The format of the two exams: 30% for term explanation and 70% for calculation problems. Most calculation problems are collected from the quizzes and questions at the end of each chapter in the required text with minor modifications.
- ※ The rule of ALTERNATE SEATING (梅花座) will be enforced if possible. Any dishonesty in the exams will lead to a failed result.
- ※ Students should prepare your personal calculators for the two exams. Financial or Scientific calculators are allowed. However, calculators which have memorizing functions are forbidden.
- ※ Graded examination sheets will be returned to students on Nov. 19<sup>th</sup>, but grades of the final exam will not be released.
- ※ I will curve your final grades such that the average grade in this class is comparable to other classes offered by College of Management of NTU.
- ※ To maintain fairness in the class, there are no make-up exams or other alternative measures for the two exams. I will ignore all e-mails asking for any alternative way to make up your grades.

### RULES IN CLASS

- ※ DO NOT DISTRACT other students from listening to my lecture, e.g., do not chat with other students when I am talking.
- ※ If you have any questions during my lecture, feel FREE to INTERRUPT me by raising your hand.

### COURSE OUTLINE

Week	Date	Topic	Reading
1	Sept. 17	Introduction of Investments Investments: Background and Issues	Syllabus Ch. 1
2	Sept. 24	Investments: Background and Issues Asset Classes and Financial Instruments	Ch. 1 Ch. 2
3	Oct. 1	<b>Mid-Autumn Festival</b>	<b>No Lecture</b>
4	Oct. 8	Asset Classes and Financial Instruments	Ch. 2
5	Oct. 15	Risk, Return, and the Historical Record	Ch. 5
6	Oct. 22	Efficient Diversification	Ch. 6
7	Oct. 29	Efficient Diversification Capital Asset Pricing and Arbitrage Pricing Theory	Ch. 6 Ch. 7

8	Nov. 5	Capital Asset Pricing and Arbitrage Pricing Theory	Ch. 7
9	Nov. 12	<b>MIDTERM EXAM</b>	
10	Nov. 19	The Efficient Market Hypothesis	Ch. 8
11	Nov. 26	Behavioral Finance and Technical Analysis	Ch. 9
12	Dec. 3	Bond Prices and Yields	Ch. 10
13	Dec. 10	Managing Bond Portfolios	Ch. 11
14	Dec. 17	Macroeconomic and Industry Analysis	Ch. 12
15	Dec. 24	Equity Valuation	Ch. 13
16	Dec. 31	Securities Markets	Ch. 3
17	Jan. 7	Mutual Funds and Other Investment Companies	Ch. 4
18	Jan. 14	<b>FINAL EXAM</b>	

※ Note that the above schedule is an estimated version, I will dynamically adjust the speed of my lecture according to the feedback of students.

### **OFFICE HOURS**

Monday 15:10-16:30 and Thursday 15:10-16:30

Room 712, Building 2, College of Management

- ※ It is not suggested to ask academic questions in e-mails. The face-to-face communication is the best way to make me understand your questions and give you the most accurate instruction to solve your problems.
- ※ If you have difficulties in solving quizzes or questions at the end of each chapter, please ask the teaching assistant first. It is preferred to make an appointment with the teaching assistant rather than ask him questions in e-mails.
- ※ Try to fully utilize my office hours before making an individual appointment.

### **TEACHING ASSISTANT**

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