FINA5210 Investment Analysis
Course Outline

Instructor: Prof. Jialin YU (余家林)
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Office hour: by appointment. It is likely more convenient for you to ask questions during class days.
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Teaching Assistant: Yu ZHOU
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TA office hour: by appointment. It is likely more convenient for you to ask questions during class days.

Objectives

The course will analyze investments through the lens of *risk*---including defining risk, diversification, hedge, leverage, and risk premium---in the context of bonds, stocks, and derivatives. The course serves as an introduction to capital markets, discusses fundamental concepts in these markets that anyone who wants to work in finance should know (though these concepts are not easy and technical tools are sometimes required), and lays the foundation for taking more advanced courses.

Major Topics

- Duration risk: hedge interest-rate risk
- Volatility risk: diversification, Markowitz portfolio
- Beta risk: CAPM, leverage
- Delta risk: introduction to derivatives

Course Requirements

The classes will consist of lectures and some problems and cases prepared in groups during the class. The answers will be graded. There is an open book exam. The grade will be assessed by:

- In-Class work and homework   40%
- Exam   60%

Course Materials

Required Materials

Lecture notes: The notes are self-sufficient for the course. They will be posted shortly before each class.

Optional Suggested Materials

- *Investments* (any recent editions will do), by Zvi Bodie, Alex Kane, Alan Marcus (and Ravi Jain in some of the Asia global editions), McGraw-Hill.

- *A Random Walk Down Wall Street* (any edition will do), by Burton Malkiel. A must-read for anyone interested in investment. Online access is available from the HKUST library.

Miscellaneous

- Please form groups of 5 people or less for in-class exercises and homework.
- Please bring a laptop that runs either Excel or your favorite software for crunching numbers.
- The estimated amount of work hours outside class: 20 hours. The actual hours outside class will vary depending on many factors, such as how much depth or breadth you want to pursue a particular topic. It is likely more efficient to address most of your questions during class days by asking either the instructor or the teaching assistant.
- ChatGPT policy: No restrictions on use.
- Course website: http://canvas.ust.hk