

**Northwestern University
Kellogg Graduate School of Management**

**eMBA 69
Investment Tools**

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The focus of this module is on understanding key concepts related to capital markets. In the first half of the class we will cover basic portfolio theory and look at the implications of this theory for security pricing (CAPM), mutual fund performance evaluation and asset allocation.. In the second half we will cover derivative securities. The emphasis is on using these ideas in a business setting. (Although much of the material in this course has applications to personal finance, this aspect of the material will not be emphasized.)

Text:

Investments, Bodie, Kane and Marcus, Irwin, 7th Edition

All course materials (lecture notes, homework assignments, old exams etc.) can be downloaded from the course page for this class.

Course Requirements:

Weekly homework 40% of the grade
Final 60% of the grade.

Course Outline and Readings:

The readings from BKM are recommended but not required. All the material you need will be provided in the lecture notes which will be distributed in class.

General Background:

BKM pgs. 25-122

Class 1 Risk, Return and Portfolio Theory
BKM pgs. 128-140
BKM pgs. 177-180

Class 2 More Portfolio Theory and the CAPM
BKM pgs.186-189, 206-230
BKM pgs.258-278, 293-313

- Class 3** Active Portfolio Management and Performance Evaluation
BKM pgs.851-874,
Futures
Class Notes
- Class 4** More Futures & An Introduction to Options
Class Notes
- Class 5** Caps, Collars and Floors, Option Pricing
Class Notes
- Class 6** Exam