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美国麦格劳-希尔教育出版公司工商管理最新教材（英文版）

兹维·博迪 (Zvi Bodie)
[美] 亚历克斯·凯恩 (Alex Kane) 著
艾伦·马科斯 (Alan J. Marcus)

投资学精要(第9版)

Essentials of Investments (Ninth Edition)

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北京

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出 版 说 明

为了适应经济全球化的发展趋势，满足国内广大读者了解、学习和借鉴国外先进经济管理理论和管理经验的需要，清华大学出版社与国外著名出版公司 McGraw-hill 教育出版集团合作影印出版了一系列商科英文版教材。鉴于大部分外版教材篇幅过长，且其中部分内容与我国的教学需要不符，我们请专家学者结合国内教学的实际要求，对所选图书进行了必要的删节。我们所选择的图书，基本上是在国外深受欢迎、并被广泛采用的优秀教材的缩减版，其主教材均是该领域中较具权威性的经典之作。

为有效控制定价以便减轻学生购买教材的负担，本书删去了原书的第 19~22 章。我们在对原版图书进行删节的同时仍采用了原书的页码，因此读者在阅读过程中可能会发现有漏页、跳页的现象，而且文中提到的页码或内容有可能已被删掉从而无法找到，由此给读者带来的诸多不便，我们深表歉意。

由于原作者所处国家的政治、经济和文化背景等与我国不同，对书中所持观点，敬请广大读者在阅读过程中注意加以分析和鉴别。

我们期望这套影印书的出版对我国经济管理科学的发展能有所帮助，对我国商科的教学，尤其是商学本科的教学能有所促进。

欢迎广大读者给我们提出宝贵的意见和建议；同时也欢迎有关专业人士向我们推荐您所接触到的国外优秀图书。

清华大学出版社经管事业部

2015 年 2 月

引 言

中国的学生要不要使用英文版的教材，一直有争议。有人认为，我们应该使用自己编写的教材，这样才能更准确地反映我们在课堂上所要表达的观点。用国外的原版教材，有些隔靴搔痒，不能解决中国的实际问题。持不同意见的观点认为，尽管各国在管理体制上有意识、制度、文化等差异，但管理本身是在国际环境下具有共同性的问题。特别是，中国的企业在经济全球化的环境下，需要更多地了解国外的管理理论与现状。在这种情况下，就需要引进一些外版的教材。一则，用于满足我们教学的部分需求；二则，更好地了解外版教材的教学服务体系；三则，为我们的师生创造英语教学的环境。

在进行 2004 年本科教指委的工作规划时，我曾特别谈及，要加强对本科教育中教书“育人”、服务于学生的使命的认识，继续优化专业课程设计，扩大精品课程建设，增加专业导向课程，尤其要加强对国际商科与经济管理学科教学进展的研究，并引进最新的教学成果，包括教材及教学资源。这一切都是为了更好地为国家与社会培养更好的人才。

为此，清华大学出版社与美国麦格劳-希尔教育出版公司合作，引进出版这套“精编版”的英文工商管理教材，也是体现这一理念。这套教材吸收国际最新教学成果，提供全方位的教学资源，并借助英语的语言媒介，将会大力提升与发展中国工商管理教学水平，提高学生使用英语语言和网络手段获得长久的终身学习的能力和兴趣，进而提高我国工商界的国际竞争力。这是一件具有重大意义的工作。

在讨论引进国际上在工商管理教学的最新成果时，确定了引进本套教材及教学资源的基本格调，即对“国际最新教学成果”的几个共同认识：一是国际上教学技术的进展走到了哪一步，我们就引进到哪一步。二是要注意教学技术的发展给教学及教材带来了的影响，我们要借鉴新的教学辅助手段。

最近几年，我在美国授课的过程中，注意到教学网络技术——课程管理系统(course management system, CMS)。通过这个教学辅助系统，教师可以将所要讲授的课程内容简单地张贴到一个系统化的网页上，包括教学演示文件(PPT)、章节提要(Lecture Notes)、在线阅读资料以及问答题、简答题，还有课后大作业等，还可以很简单地开设自己课程的在线论坛(BBS)。学生在注册后，便成为在线学生，通过该平台与教师交互，完成习题，在线提交作业，在线考试，自动出评测分析报告。这一切是以教师为中心，完全解决了教师对于自己教学内容以及对学生的网络化、数字化管理的问题，并可多次复用、异地复用。这个在线学习系统(BlackBoard, WebCT, eCollege等)不同于国内各高校自己研发的以学籍管理或居于录像、课件的远程教学为中心的校园管理平台，直接解决大

学的核心问题：即“大师”们对课程教学内容的管理问题，成为对教师授课最好的在线数字化辅助支持平台。

2004年的春季学期，我商学院247位教师，所有364门课程全面上线，2000多名学生在线注册学习，引发了人大商学院一场真正意义上的“教学革命”。教师与学生实现了很好地沟通与互动，学生之间也有了很好地学习谈论的天地。目前，我校商学院的经验，已经成为赛尔毕博支持国内院校教学上线发展的典范，成为BlackBoard在国内的示范教学网站。

课堂教学同网络平台结合之后，又给教学带来了新的挑战，也给教材和教材的出版商们带来了新的机遇。历史悠久的麦格劳-希尔教育出版公司积极适应这种挑战，在商科及经管教材的出版上做了战略性的调整：即将教材本身做“薄”，出版一批新型的、跨媒介的教材：将研讨性、探索性、展开式的学习内容放到网上，将动态交互性的内容放到网上；印刷版的教材从过去强调各章节内容全面，呈现教学过程、学习环节，转向注重概念性及引导性，展现学习的核心内容。同时，他们将教材配套的教学资源做得更“全”，将更多的内容上线后全面依托网络，更加动态地呈现教学内容及教学过程；并为不同的教学平台提供完全解决方案，提供跨平台的不同版本的内容“子弹”。无论采用BlackBoard或WebCT等平台，教师们都可以从出版商处获得标准的教学资源包，为自己采用的教材轻松搭建课程网站，实现教学的在线革命。

总之，教学在革命，教学的手段也在革命。我们要看到工商管理教学在国际上的各种变化，努力跟上时代的发展变化，使我们的学生真正获得国际水准的教育。为此，我衷心地感谢这批教材的国外作者们，正是他们不懈的教学实践，给我们学科的发展带来源源的活力；同时感谢国内外的出版界人士，感谢他们对教材、教材市场的永恒的追求，不断地帮助我们提升教学的水准；衷心希望这批适应新的教学需要的国际最新教材的出版能抛砖引玉，再次带动整个工商管理教育无论是本科、高职高专教学，还是MBA、EMBA教学的发展。

子曰：“学而时习之，不亦乐乎。”在这场教学革命中，我们有更大的勇气面临新的教学的挑战，将中国的工商管理教育推向世界一流！

徐二明
中国人民大学

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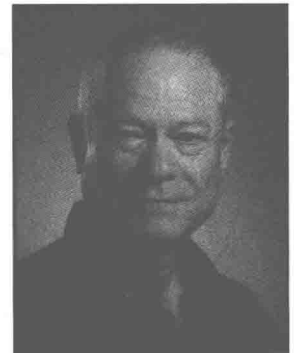
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A Note From the Authors . . .

The year 2012 capped three decades of rapid and profound change in the investment industry as well as a financial crisis of historic magnitude. The vast expansion of financial markets over recent decades was due in part to innovations in securitization and credit enhancement that gave birth to new trading strategies. These strategies were in turn made feasible by developments in communication and information technology, as well as by advancements in the theory of investments.

Yet the crisis was rooted in the cracks of these developments. Many of the innovations in security design facilitated high leverage and an exaggerated notion of the efficacy of risk transfer strategies. This engendered complacency about risk that was coupled with relaxation of regulation as well as reduced transparency that masked the precarious condition of many big players in the system.

Of necessity, our text has evolved along with financial markets. We devote increased attention in this edition to recent breathtaking changes in market structure and trading technology. At the same time, however, many basic *principles* of investments remain important. We continue to organize the book around one basic theme—that security markets are nearly efficient, meaning that you should expect to find few obvious bargains in these markets. Given what we know about securities, their prices usually appropriately reflect their risk and return attributes; free lunches are few and far apart in markets as competitive as these. This starting point remains a powerful approach to security valuation. While the degree of market efficiency is and will always be a matter of debate, this first principle of valuation, specifically that in the absence of private information prices are the best guide to value, is still valid. Greater emphasis on risk analysis is the lesson we have weaved into the text.

This text also continues to emphasize *asset allocation* more than most other books. We prefer this emphasis for two important reasons. First, it corresponds to the procedure that most individuals actually follow when building an investment portfolio. Typically, you start with all of your money in a bank account, only then considering how much to invest in something riskier that might offer a

higher expected return. The logical step at this point is to consider other risky asset classes, such as stock, bonds, or real estate. This is an asset allocation decision. Second, in most cases the asset allocation choice is far more important than specific security-selection decisions in determining overall investment performance. Asset allocation is the primary determinant of the risk-return profile of the investment portfolio, and so it deserves primary attention in a study of investment policy.

Our book also focuses on investment analysis, which allows us to present the practical applications of investment theory and to convey insights of practical value. In this edition of the text, we have continued to expand a systematic collection of Excel spreadsheets that give you tools to explore concepts more deeply than was previously possible. These spreadsheets are available on the text's website (www.mhhe.com/bkm) and provide a taste of the sophisticated analytic tools available to professional investors.

In our efforts to link theory to practice, we also have attempted to make our approach consistent with that of the CFA Institute. The Institute administers an education and certification program to candidates seeking designation as a Chartered Financial Analyst (CFA). The CFA curriculum represents the consensus of a committee of distinguished scholars and practitioners regarding the core of knowledge required by the investment professional. We continue to include questions from previous CFA exams in our end-of-chapter problems and have added to this edition new CFA-style questions derived from the Kaplan-Schweser CFA preparation courses.

This text will introduce you to the major issues of concern to all investors. It can give you the skills to conduct a sophisticated assessment of current issues and debates covered by both the popular media and more specialized finance journals. Whether you plan to become an investment professional or simply a sophisticated individual investor, you will find these skills essential.

Zvi Bodie
Alex Kane
Alan J. Marcus

Organization of the Ninth Edition

Essentials of Investments, Ninth Edition, is intended as a textbook on investment analysis most applicable for a student's first course in investments. The chapters are written in a modular format to give instructors the flexibility to either omit certain chapters or rearrange their order. The highlights in the margins describe updates for this edition.

This part lays out the general framework for the investment process in a nontechnical manner. We discuss the major players in the financial markets and provide an overview of security types and trading mechanisms. These chapters make it possible for instructors to assign term projects analyzing securities early in the course.

Updated with major new sections on securitization, the roots of the financial crisis, and the fallout from the crisis.

Extensive new sections that detail the rise of electronic markets, algorithmic and high-speed trading, and changes in market structure.

Greater coverage of innovations in exchange-traded funds.

This part contains the core of modern portfolio theory. For courses emphasizing security analysis, this part may be skipped without loss of continuity.

All data are updated and available on the web through our Online Learning Center at www.mhhe.com/bkm. The data are used in new treatments of risk management and tail risk.

Introduces simple in-chapter spreadsheets that can be used to compute investment opportunity sets and the index model.

Includes more coverage of alpha and multifactor models.

Updated with more coverage of expert networks, private information, and insider trading issues.

Contains extensive treatment of behavioral finance and provides an introduction to technical analysis.

Part ONE

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11	Managing Bond Portfolios 337	Contains spreadsheet material on duration and convexity.
Part FOUR		This part is presented in a "top-down" manner, starting with the broad macroeconomic environment before moving to more specific analysis.
SECURITY ANALYSIS 371		
12	Macroeconomic and Industry Analysis 372	Discusses how international political developments such as the euro crisis can have major impacts on economic prospects.
13	Equity Valuation 405	Contains free cash flow equity valuation models as well as a new discussion of the pitfalls of discounted cash flow models.
14	Financial Statement Analysis 446	Includes all-new motivation and rationale for how ratio analysis can be organized to guide one's analysis of firm performance.
Part FIVE		This part highlights how these markets have become crucial and integral to the financial universe and are major sources of innovation.
DERIVATIVE MARKETS 485		
15	Options Markets 486	Offers thorough introduction to option payoffs, strategies, and securities with embedded options.
16	Option Valuation 522	Considerable new material on risk-neutral valuation methods and their implementation in the binomial option-pricing model.
17	Futures Markets and Risk Management 561	This part unifies material on active management and is ideal for a closing-semester unit on applying theory to actual portfolio management.
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20	Hedge Funds 666	Employs extensive spreadsheet analysis of the interaction of taxes and inflation on long-term financial strategies.
21	Taxes, Inflation, and Investment Strategy 689	Modeled after the CFA Institute curriculum, also includes guidelines on "How to Become a Chartered Financial Analyst."
22	Investors and the Investment Process 714	

Pedagogical Features

Learning Objectives

Each chapter begins with a summary of the chapter learning objectives, providing students with an overview of the concepts they should understand after reading the chapter. The end-of-chapter problems and CFA questions are tagged with the corresponding learning objective.

Learning Objectives:

- LO1-1 Define an investment.
- LO1-2 Distinguish between real assets and financial assets.
- LO1-3 Explain the economic functions of financial markets and how various securities are related to the governance of the corporation.
- LO1-4 Describe the major steps in the construction of an investment portfolio.
- LO1-5 Identify different types of financial markets and the major participants in each of those markets.

Chapter Overview

Each chapter begins with a brief narrative to explain the concepts that will be covered in more depth. Relevant websites related to chapter material can be found on the book's website at www.mhhe.com/bkm. These sites make it easy for students to research topics further and retrieve financial data and information.

You learned in Chapter 1 that the process of building an investment portfolio usually begins by deciding how much money to allocate to broad classes of assets, such as safe money market securities or bank accounts, longer-term bonds, stocks, or even asset classes such as real estate or precious metals. This process is called *asset allocation*. Within each class the investor then selects specific assets from a more detailed menu. This is called *security selection*.

marketable, liquid, low-risk debt securities. Money market instruments sometimes are called *cash equivalents*, or just cash for short. Capital markets, in contrast, include longer-term and riskier securities. Securities in the capital market are much more diverse than those found within the money market. For this reason, we will subdivide the capital market into three segments: longer-term debt markets, equity markets, and derivative markets in which options and futures trade.

Key Terms in the Margin

Key terms are indicated in color and defined in the margin the first time the term is used. A full list of key terms is included in the end-of-chapter materials.

commercial paper
Short-term unsecured debt issued by large corporations.

Commercial Paper

The typical corporation is a net borrower of both long-term funds (for capital investments) and short-term funds (for working capital). Large, well-known companies often issue their own short-term unsecured debt notes directly to the public, rather than borrowing from banks. These notes are called *commercial paper* (CP). Sometimes, CP is backed by a bank line of credit, which gives the borrower access to cash that can be used if needed to pay off the paper at maturity.

CP maturities range up to 270 days; longer maturities require registration with the Securities and Exchange Commission and so are almost never issued. CP most commonly is issued with maturities of less than one or two months in denominations of multiples of \$100,000. Therefore, small investors can invest in commercial paper only indirectly, through money market mutual funds.

Numbered Equations

Key equations are called out in the text and identified by equation numbers. These key formulas are listed at the end of each chapter. Equations that are frequently used are also featured on the text's end sheets for convenient reference.

One way of comparing bonds is to determine the interest rate on taxable bonds that would be necessary to provide an after-tax return equal to that of municipals. To derive this value, we set after-tax yields equal and solve for the *equivalent taxable yield* of the tax-exempt bond. This is the rate a taxable bond would need to offer in order to match the after-tax yield on the tax-free municipal.

$$\text{or} \quad r(1 - t) = r_m \quad (2.1)$$

$$r = \frac{r_m}{1 - t} \quad (2.2)$$

Thus, the equivalent taxable yield is simply the tax-free rate divided by $1 - t$. Table 2.2 presents equivalent taxable yields for several municipal yields and tax rates.

On the MARKET FRONT

MONEY MARKET FUNDS AND THE FINANCIAL CRISIS OF 2008

Money market funds are mutual funds that invest in the short-term debt instruments that comprise the money market. In 2008, these funds had investments totaling about \$3.4 trillion. They are required to hold only short-maturity debt of the highest quality. The average maturity of their holdings must be maintained at less than three months. Their biggest investments tend to be in commercial paper, but they also hold sizable fractions of their portfolios in certificates of deposit, repurchase agreements, and Treasury securities. Because of the very conservative investment profiles, money market funds typically experience extremely low price risk. Investors for their part usually acquire check-writing privileges with their funds and often use them as a close substitute for a bank account. This is feasible because the funds almost always maintain share value at \$1 and pass along all investment earnings to their investors as interest.

Until 2008, only one fund had "broken the buck," that is, suffered losses large enough to force value per share below \$1. But when Lehman Brothers filed for bankruptcy protection on September 15, 2008, several funds that had invested heavily in its commercial paper suffered large losses. The next day, Reserve Primary Fund, the oldest money market fund, broke the buck when its value per share fell to only \$0.97.

The realization that money market funds were at risk in the credit crisis led to a wave of investor redemptions similar to a run on a bank. Only three days after the Lehman bankruptcy, Putman's Prime Money Market Fund announced that it was liquidating due to heavy redemptions. Fearing further outflows, the U.S. Treasury announced that it would make federal insurance available to money market funds willing to pay an insurance fee. This program would thus be similar to FDIC bank insurance. With the federal insurance in place, the outflows were quelled.

However, the turmoil in Wall Street's money market funds had already spilled over into "Main Street." Fearing further investor redemptions, money market funds had become afraid to commit funds even over short periods, and their demand for commercial paper had effectively dried up. Firms that had been able to borrow at 2% interest rates in previous weeks now had to pay up to 8%, and the commercial paper market was on the edge of freezing up altogether. Firms throughout the economy had come to depend on those markets as a major source of short-term finance to fund expenditures ranging from salaries to inventories. Further breakdown in the money markets would have had an immediate crippling effect on the broad economy. Within days, the Federal government put forth its first plan to spend \$700 billion to stabilize the credit markets.

On the Market Front Boxes

Current articles from financial publications such as *The Wall Street Journal* are featured as boxed readings. Each box is referred to within the narrative of the text, and its real-world relevance to the chapter material is clearly defined.

CONCEPT CHECK 2.5

Reconsider companies XYZ and ABC from Concept Check Question 2.4. Calculate the percentage change in the market value-weighted index. Compare that to the rate of return of a portfolio that holds \$500 of ABC stock for every \$100 of XYZ stock (i.e., an index portfolio).

Concept Checks

These self-test questions in the body of the chapter enable students to determine whether the preceding material has been understood and then reinforce understanding before students read further. Detailed Solutions to the Concept Checks are found at the end of each chapter.

EXAMPLE 2.4

Value-Weighted Indexes

To illustrate how value-weighted indexes are computed, look again at Table 2.3. The final value of all outstanding stock in our two-stock universe is \$690 million. The initial value was \$600 million. Therefore, if the initial level of a market value-weighted index of stocks ABC and XYZ were set equal to an arbitrarily chosen starting value such as 100, the index value at year-end would be $100 \times (690/600) = 115$. The increase in the index would reflect the 15% return earned on a portfolio consisting of those two stocks held in proportion to outstanding market values.

Unlike the price-weighted index, the value-weighted index gives more weight to ABC. Whereas the price-weighted index fell because it was dominated by higher-price XYZ, the value-weighted index rose because it gave more weight to ABC, the stock with the higher total market value.

Note also from Tables 2.3 and 2.4 that market value-weighted indexes are unaffected by stock splits. The total market value of the outstanding XYZ stock increases from \$100 million to \$110 million regardless of the stock split, thereby rendering the split irrelevant to the performance of the index.

Numbered Examples

Numbered and titled examples are integrated in each chapter. Using the worked-out solutions to these examples as models, students can learn how to solve specific problems step-by-step as well as gain insight into general principles by seeing how they are applied to answer concrete questions.

Excel Integration

Excel Applications

Since many courses now require students to perform analyses in spreadsheet format, Excel has been integrated throughout the book. It is used in examples as well as in this chapter feature which shows students how to create and manipulate spreadsheets to solve specific problems. This feature starts with an example presented in the chapter, briefly discusses how a spreadsheet can be valuable for investigating the topic, shows a sample spreadsheet, and asks students to apply the data to answer questions. These applications also direct the student to the web to work with an interactive version of the spreadsheet. The student can obtain the actual spreadsheet from the book's website (www.mhhe.com/bkm); available spreadsheets are denoted by an icon. As extra guidance, the spreadsheets include a comment feature that documents both inputs and outputs. Solutions for these exercises are located on the password-protected instructor site only, so instructors can assign these exercises either for homework or just for practice.

Excel application spreadsheets are available for the following:

- Chapter 3:** Buying on Margin; Short Sales
- Chapter 7:** Estimating the Index Model
- Chapter 11:** Immunization; Convexity
- Chapter 15:** Options, Stock, and Lending; Straddles and Spreads
- Chapter 17:** Parity and Spreads
- Chapter 18:** Performance Measures; Performance Attribution

Spreadsheet exhibit templates are also available for the following:

- Chapter 5:** Spreadsheet 5.1
- Chapter 6:** Spreadsheets 6.1–6.6
- Chapter 10:** Spreadsheets 10.1 & 10.2
- Chapter 11:** Spreadsheets 11.1 & 11.2
- Chapter 13:** Spreadsheets 13.1 & 13.2
- Chapter 16:** Spreadsheet 16.1

EXCEL APPLICATIONS

Buying on Margin



Please visit us at www.mhhe.com/bkm

The Excel spreadsheet model below makes it easy to analyze the impacts of different margin levels and the volatility of stock prices. It also allows you to compare return on investment for a margin trade with a trade using no borrowed funds.

	A	B	C	D	E	F	G	H
1								
2			Action or Formula for Column B	Ending St Price	Return on Investment		Ending St Price	Return with No Margin
3								
4	Initial Equity Investment	\$10,000.00	Enter data		-42.00%			-19.00%
5	Amount Borrowed	\$10,000.00	(B4/B10) - B4	\$20.00	-122.00%	\$20.00		-59.00%
6	Initial Stock Price	\$50.00	Enter data	25.00	-102.00%	25.00		-49.00%
7	Shares Purchased	400	(B4/B10)/B6	30.00	-82.00%	30.00		-39.00%
8	Ending Stock Price	\$40.00	Enter data	35.00	-82.00%	35.00		-29.00%
9	Cash Dividends During Hold Per.	\$0.50	Enter data	40.00	-42.00%	40.00		-19.00%
10	Initial Margin Percentage	50.00%	Enter data	45.00	-22.00%	45.00		-9.00%
11	Maintenance Margin Percentage	30.00%	Enter data	50.00	-2.00%	50.00		1.00%
12				55.00	18.00%	55.00		11.00%
13	Rate on Margin Loan	8.00%	Enter data	60.00	38.00%	60.00		21.00%
14	Holding Period in Months	6	Enter data	65.00	58.00%	65.00		31.00%
15				70.00	78.00%	70.00		41.00%
16	Return on Investment			75.00	98.00%	75.00		51.00%
17	Capital Gain on Stock	-\$4,000.00	B7*(B8 - B6)	80.00	118.00%	80.00		61.00%
18	Dividends	\$200.00	B7*B9					
19	Interest on Margin Loan	\$400.00	B5*(B14/12)*B13					
20	Net Income	-\$4,200.00	B17 + B18 - B19				LEGEND:	
21	Initial Investment	\$10,000.00	B4				Enter data	
22	Return on investment	-42.00%	B20/B21				Value calculated	

Excel Questions

- Suppose you buy 100 shares of stock initially selling for \$50, borrowing 25% of the necessary funds from your broker; that is, the initial margin on your purchase is 25%. You pay an interest rate of 8% on margin loans.
 - How much of your own money do you invest? How much do you borrow from your broker?
 - What will be your rate of return for the following stock prices at the end of a one-year holding period?
 - \$40
 - \$50
 - \$80

End-of-Chapter Features

PROBLEM SETS



Select problems are available in McGraw-Hill's Connect Finance. Please see the Supplements section of the book's frontmatter for more information.

Basic

1. Define the following types of bonds: (LO 10-1)

- Catastrophe bond.
- Eurobond.

- What is the Treynor measure for the Miranda Fund and the S&P 500?
- What is the Jensen measure for the Miranda Fund?

17. Go to www.mhhe.com/bkm and link to the material for Chapter 18, where you will find five years of monthly returns for two mutual funds, Vanguard's U.S. Growth Fund and U.S. Value Fund, as well as corresponding returns for the S&P 500 and the Treasury-bill rate. (LO 18-2)

- Set up a spreadsheet to calculate each fund's excess rate of return over T-bills in each month.

18. Calculate the standard deviation of each fund over the five-year period.

19. What was the beta of each fund over the five-year period? (You may wish to review the spreadsheets from Chapters 5 and 6 on the Index model.)

20. What were the Sharpe, Jensen, and Treynor measures for each fund?



Please visit us at www.mhhe.com/bkm

Problem Sets

We strongly believe that practice in solving problems is a critical part of learning investments, so we provide a good variety. We have separated questions by level of difficulty: Basic, Intermediate, and Challenge.

Excel Problems

Select end-of-chapter questions require the use of Excel. These problems are denoted with an icon. A template is available at the book's website, www.mhhe.com/bkm.

14. If Primo decides to use return-based style analysis, will the R^2 of the regression equation of a passively managed fund be higher or lower than that of an actively managed fund? (LO 18-3)

15. Which of the following statements about Primo's global fund is most correct? Primo appears to have a positive currency allocation effect as well as:

- A negative market allocation effect and a positive security allocation effect.
- A negative market allocation effect and a negative security allocation effect.
- A positive market allocation effect and a negative security allocation effect.

16. Kelli Blakely is a portfolio manager for the Miranda Fund (Miranda), a core large-cap equity fund. The market proxy and benchmark for performance measurement purposes is the S&P 500. Although the Miranda portfolio generally mirrors the asset class and sector weightings of the S&P, Blakely is allowed a significant amount of leeway in man-

KAPLAN

SCHWESER

KAPLAN

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SCHWESER

Kaplan-Schweser Problems

Each chapter contains select CFA-style questions derived from the Kaplan-Schweser CFA preparation courses. These questions are tagged with an icon for easy reference.

CFA Problems

1. The following multiple-choice problems are based on questions that appeared in past CFA examinations.

a. A bond with a call feature: (LO 10-4)

- Is attractive because the immediate receipt of principal plus premium produces a high return.
- Is more apt to be called when interest rates are high because the interest saving will be greater.
- Will usually have a higher yield to maturity than a similar noncallable bond.
- None of the above.

b. In which one of the following cases is the bond selling at a discount? (LO 10-2)

- Coupon rate is greater than current yield, which is greater than yield to maturity.
- Coupon rate, current yield, and yield to maturity are all the same.
- Coupon rate is less than current yield, which is less than yield to maturity.
- Coupon rate is less than current yield, which is greater than yield to maturity.

c. Consider a five-year bond with a 10% coupon selling at a yield to maturity of 8%.

If interest rates remain constant, one year from now the price of this bond will be: (LO 10-3)



CFA Problems

We provide several questions from past CFA exams in applicable chapters. These questions represent the kinds of questions that professionals in the field believe are relevant to the practicing money manager. Appendix B, at the back of the book, lists each CFA question and the level and year of the CFA Exam it was included in, for easy reference when studying for the exam.

WEB master

1. Go to the website of Standard & Poor's at www.standardandpoors.com. Look for *Rating Services (Find a Rating)*. Find the ratings on bonds of at least 10 companies. Try to choose a sample with a wide range of ratings. Then go to a website such as money.msn.com or finance.yahoo.com and obtain, for each firm, as many of the financial ratios tabulated in Table 10.3 as you can find. What is the relationship between bond rating and these ratios? Can you tell from your sample which of these ratios are the more important determinants of bond rating?

2. The FINRA operates the TRACE (Trade Reporting and Compliance Engine) system, which reports over-the-counter secondary market trades of fixed-income securities. Go to the FINRA home page at www.finra.org and click on the link for *Industry Professionals Search* (located at the top right) for the "TRACE Fact Book" and click the first link that appears. Find the detailed data tables and locate the table with information on issues, excluding convertible bonds (typically Table 1). For each of the last three years, calculate

Web Master Exercises

These exercises are a great way to allow students to test their skills on the Internet. Each exercise consists of an activity related to practical problems and real-world scenarios.

Supplements

ONLINE SUPPORT

Online Learning Center

www.mhhe.com/bkm

Find a wealth of information online! At this book's website instructors have access to teaching supports such as electronic files of the ancillary materials. Students have access to study materials created specifically for this text, and much more. All Excel spreadsheets, denoted by an icon in the text, are located at this site. Links to the following support material, as described below, are also included.

FOR THE INSTRUCTOR

Instructor's Manual

Revised by Catherine Teutsch, University of Denver, this instructional tool provides an integrated learning approach revised for this edition. Each chapter includes a Chapter Overview, Learning Objectives, and Presentation of Material that outlines and organizes the material around the PowerPoint Presentation.

Test Bank

Prepared by Maryellen Eppin, University of Central Oklahoma, the Test Bank contains more than 1,200 questions and includes over 300 new questions. Each question is ranked by level of difficulty (easy, medium, hard) and tagged with the learning objective, the topic, AACSB, and Bloom's Taxonomy, which allows greater flexibility in creating a test.

Computerized Test Bank

A comprehensive bank of test questions is provided within a computerized test bank powered by McGraw-Hill's flexible electronic testing program, EZ Test Online (www.eztestonline.com). You can select questions from multiple McGraw-Hill test banks or write your own and then either print the test for paper distribution or give it online. This user-friendly program allows you to sort questions by format, edit existing questions or add new ones, and scramble questions for multiple versions of the same test. You can export your tests for use in WebCT, Blackboard, PageOut, and Apple's iQuiz. Sharing tests with colleagues, adjuncts, and TAs is easy! Instant scoring and

feedback are provided, and EZ Test's grade book is designed to easily export to your grade book.

PowerPoint Presentation

These presentation slides, developed by Catherine Teutsch, contain figures and tables from the text, key points, and summaries in a visually stimulating collection of slides. These slides follow the order of the chapters, but if you have PowerPoint software, you may customize the program to fit your lecture.

Solutions Manual

Fiona Chou, University of California–San Diego, prepared detailed solutions to the end-of-chapter problems. Students can purchase the Solutions Manual, with instructor approval, using the ISBN-13: 9780077502249; ISBN-10: 0077502248. This supplement can also be packaged with the text. Please contact your McGraw-Hill/Irwin representative for additional information.

FOR THE STUDENT

Related Websites

A list of suggested websites is provided for each chapter. To keep them up to date, the suggested sites as well as their links are now provided online. Each chapter contains specific sites of particular use.

Excel Templates

There are templates for selected spreadsheets featured within the text, as well as the ones featured among the Excel Applications boxes. Select end-of-chapter problems have also been designated as Excel problems, in which there is a template available for students to solve the problem and gain experience using spreadsheets. Each template can also be found at the book's website and is denoted by an icon.

Wall Street Survivor

Students receive free access to this web-based portfolio simulation with a hypothetical \$100,000 brokerage account to buy and sell stocks and mutual funds.

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