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# 投资学精要(第10版)

Essentials of Investments (Tenth Edition)



美国麦格劳-希尔教育出版公司工商管理最新教材（英文版）

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## Essentials of Investments (Tenth Edition)

清华大学出版社  
北京

Zvi Bodie, Alex Kane, Alan Marcus

**Essentials of Investments, 10<sup>th</sup> ed.**

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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麦格劳-希尔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,因此读者在阅读过程中有可能会发现文中提到的页码或内容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

2017年3月

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述的观点。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-希尔教育出版公司的合作，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及教学过程的网络化、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，中国人民大学商学院 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讨论的天地。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，他们将与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，不亦说乎。”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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## Zvi Bodie

Boston University

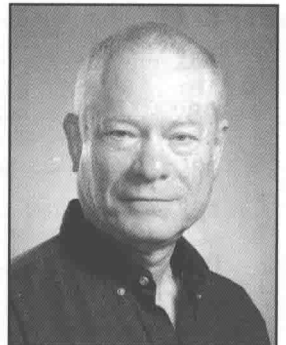
Zvi Bodie is Professor of Finance and Economics at Boston University School of Management. He holds a PhD from the Massachusetts Institute of Technology and has served on the finance faculty at Harvard Business School and MIT's Sloan School of Management. Professor Bodie has published widely on pension finance and investment strategy in leading professional journals. His books include *Foundations of Pension Finance*, *Pensions in the U.S. Economy*, *Issues in Pension Economics*, and *Financial Aspects of the U.S. Pension System*. Professor Bodie is a member of the Pension Research Council of the Wharton School, University of Pennsylvania. His latest book is *Worry-Free Investing: A Safe Approach to Achieving Your Lifetime Financial Goals*.



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# A Note from the Authors . . .

The past three decades witnessed rapid and profound change in the investment industry as well as a financial crisis of historic magnitude. The vast expansion of financial markets during this period 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 advances in the theory of investments.

Yet the crisis was also 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 considerable attention 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 woven into the text.

This text also places greater emphasis on *asset allocation* 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. We provide a systematic collection of Excel spreadsheets that give you tools to explore concepts more deeply. These spreadsheets are available as part of the Connect resources for this text 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 as well as 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 Tenth Edition

**Essentials of Investments**, Tenth 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 and important features in 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.

Includes sections on securitization, the roots of the financial crisis, and the fallout from the crisis.

Extensive coverage of 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 the Connect resources. 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.

Introduces single-factor as well as multifactor models.

Updated with more coverage of anomalies over time.

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

## Part ONE

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This is the first of three parts on security valuation.

Includes material on sovereign credit default swaps.

Contains spreadsheet material on duration and convexity.

This part is presented in a "top-down" manner, starting with the broad macroeconomic environment before moving to more specific analysis.

Discusses how international political developments such as the euro crisis can have major impacts on economic prospects.

Contains free cash flow equity valuation models as well as a discussion of the pitfalls of discounted cash flow models.

Includes a top-down rationale for how ratio analysis can be organized to guide one's analysis of firm performance.

This part highlights how these markets have become crucial and integral to the financial universe and are major sources of innovation.

Offers thorough introduction to option payoffs, strategies, and securities with embedded options.

Extensive introduction to risk-neutral valuation methods and their implementation in the binomial option-pricing model.

This part unifies material on active management and is ideal for a closing-semester unit on applying theory to actual portfolio management.

Rigorous development of performance evaluation methods.

# 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

- LO 3-1 Describe how firms issue securities to the public.
- LO 3-2 Identify various types of orders investors can submit to their brokers.
- LO 3-3 Describe trading practices in dealer markets, specialist-directed stock exchanges, and electronic communication networks.
- LO 3-4 Compare the mechanics and investment implications of buying on margin and short-selling.

## 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 in Connect. These sites make it easy for students to research topics further and retrieve financial data and information.

**Y**ou 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*.

short-term, 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.

### Publicly Traded Companies

initial public offering (IPO)  
First public sale of stock by a formerly private company.

When a private firm decides that it wishes to raise capital from a wide range of investors, it may decide to *go public*. This means that it will sell its securities to the general public and allow those investors to freely trade those shares in established securities markets. The first issue of shares to the general public is called the firm's *initial public offering (IPO)*. Later, the firm may go back to the public and issue additional shares. A *seasoned equity offering* is the sale of additional shares in firms that already are publicly traded. For example, a sale by Apple of new shares of stock would be considered a seasoned new issue.

## 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.

$$r(1 - t) = r_m \quad (2.1)$$

or

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

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

### THE LIBOR SCANDALS

LIBOR was designed initially as a survey of interbank lending rates but soon became a key determinant of short-term interest rates with far-reaching significance. Around \$350 trillion of derivative contracts have payoffs tied to it, and several trillion dollars of loans and bonds with floating interest rates linked to LIBOR are currently outstanding. LIBOR is quoted for loans in several currencies, such as the dollar, yen, euro, and UK pound, and for maturities ranging from a day to a year, although three months is the most common.

However, LIBOR is not a rate at which actual transactions occur; instead, it is just a survey of "estimated" borrowing rates, and this has made it vulnerable to manipulation. Several large banks are asked to report the rate at which they believe they can borrow in the interbank market. Outliers are trimmed from the sample of responses, and LIBOR is calculated as the average of the mid-range estimates.

Over time, several problems surfaced. First, it appeared that many banks understated the rates at which they claimed they could borrow in an effort to make themselves look financially stronger. Other surveys that asked for estimates of the rates at which other banks could borrow resulted in higher values. Moreover, LIBOR did not seem to reflect current market conditions. A majority of LIBOR submissions were unchanged from day to day even when other interest rates fluctuated, and LIBOR

spreads showed surprisingly low correlation with other measures of credit risk such as spreads on credit default swaps. Even worse, once the market came under scrutiny, it emerged that participating banks were colluding to manipulate their LIBOR submissions to enhance profits on their derivatives trades. Traders used emails and instant messages to tell each other whether they wanted to see higher or lower submissions. Members of this informal cartel essentially set up a "lawn bank" to help each other move the survey average up or down depending on their trading positions.

To date, around \$4 billion in fines have been paid: UBS paid \$152 million, Rabobank \$1.07 billion, Royal Bank of Scotland \$612 million, Barclays \$454 million, and Lloyds \$370 million. Other banks remain under investigation. But government fines may be only the tip of the iceberg. Private lawsuits are also possible, as anyone trading a LIBOR derivative against these banks or anyone who participated in a loan with an interest rate tied to LIBOR can claim to have been harmed.

Several reforms have been suggested and some have been implemented. The British Bankers Association, which until recently ran the LIBOR survey, yielded responsibility for LIBOR to British regulators. LIBOR quotes in less active currencies and maturities, where collusion is easier, have been eliminated. More substantive proposals would replace the survey rate with one based on actual, verifiable transactions—that is, real loans among banks.

## 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 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.

### 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).

### 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 spreadsheet files are available for download in Connect; 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



This spreadsheet is available in Connect

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			Action or Formula for Column B	Ending St Price	Return on Investment		Ending St Price	Return with No Margin
2			Enter data		-42.00%			-19.00%
3								
4	Initial Equity Investment	\$10,000.00	(B4/B10)–B4	\$20.00	-122.00%	\$20.00	-59.00%	
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	-62.00%	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	B7*(B18–B19)					
21	Initial Investment	\$10,000.00	B4					
22	Return on Investment	-42.00%	B20/B21					

#### LEGEND:

Enter data  
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? (i) \$40, (ii) \$50, (iii) \$60.

# End-of-Chapter Features



**connect**

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

## PROBLEM SETS

1. In forming a portfolio of two risky assets, what must be true of the correlation coefficient between their returns if there are to be gains from diversification? Explain. (LO 6-1)
2. When adding a risky asset to a portfolio of many risky assets, which property of the

15. You can find a spreadsheet containing the historic returns presented in Table 5.2 in Connect. (Look for the Chapter 5 material.) Copy the data for the last 20 years into a new spreadsheet. Analyze the risk-return trade-off that would have characterized portfolios constructed from large stocks and long-term Treasury bonds over the last 20 years. What was the average rate of return and standard deviation of each asset? What was the correlation coefficient of their annual returns? What would have been the average return and standard deviation of portfolios with differing weights in the two assets?

Templates and spreadsheets are available in Connect

## 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 arranged questions by level of difficulty.

## Excel Problems

Select end-of-chapter questions require the use of Excel. These problems are denoted with an icon. Templates and spreadsheets are available in Connect.

## 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.

**KAPLAN**  
SCHWESER

10. A market order has: (LO 3-2)
  - a. Price uncertainty but not execution uncertainty.
  - b. Both price uncertainty and execution uncertainty.
  - c. Execution uncertainty but not price uncertainty.
11. Where would an illiquid security in a developing country most likely trade? (LO 3-3)
  - a. Broker markets.
  - b. Electronic crossing networks.
  - c. Electronic limit-order markets.

**KAPLAN**  
SCHWESER

**CFA**  
PROBLEMS

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

## 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 [finance.yahoo.com](http://finance.yahoo.com), and enter the ticker symbol DIS (for Walt Disney Co.) in the Look Up box. Now click on SEC Filings and look for the link to Disney's most recent annual report (its 10-K). Financial tables are available from the Summary link, and Disney's full annual report may be obtained from the EDGAR link. Locate the company's Consolidated Balance Sheets and answer these questions:
  - a. How much preferred stock is Disney authorized to issue? How much has been issued?
  - b. How much common stock is Disney authorized to issue? How many shares are currently outstanding?
  - c. Search for the term "Financing Activities." What is the total amount of borrowing listed for Disney? How much of this is medium-term notes?
  - d. What other types of debt does Disney have outstanding?

## 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

## McGraw-Hill Connect

### Less Managing. More Teaching. Greater Learning.

McGraw-Hill *Connect* is an online assignment and assessment solution that connects students with the tools and resources they'll need to achieve success.

McGraw-Hill *Connect* helps prepare students for their future by enabling faster learning, more efficient studying, and higher retention of knowledge.

### McGraw-Hill Connect Features

*Connect* offers a number of powerful tools and features to make managing assignments easier, so faculty can spend more time teaching. With *Connect*, students can engage with their coursework anytime and anywhere, making the learning process more accessible and efficient. *Connect* offers you the features described below.

#### Simple Assignment Management

With *Connect*, creating assignments is easier than ever, so you can spend more time teaching and less time managing. The assignment management function enables you to:

- Create and deliver assignments easily with selectable end-of-chapter questions and test bank items.
- Streamline lesson planning, student progress reporting, and assignment grading to make classroom management more efficient than ever.
- Go paperless with the eBook and online submission and grading of student assignments.

#### Smart Grading

When it comes to studying, time is precious. *Connect* helps students learn more efficiently by providing feedback and practice material when they need it, where they need it. When it comes to teaching, your time also is precious. The grading function enables you to:

- Have assignments scored automatically, giving students immediate feedback on their work and side-by-side comparisons with correct answers.
- Access and review each response; manually change grades or leave comments for students to review.
- Reinforce classroom concepts with practice tests and instant quizzes.

## Instructor Library

The *Connect* Instructor Library is your repository for additional resources to improve student engagement in and out of class. You can select and use any asset that enhances your lecture.

This library contains information about the book and the authors, as well as all of the instructor supplements for this text, including:

- **Instructor's Manual** Revised by Nicholas Racculia, St. Vincent College, 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.
- **Solutions Manual** The Solutions Manual, carefully revised by the authors with assistance from Marc-Anthony Isaacs, contains solutions to all basic, intermediate, and challenge problems found at the end of each chapter.
- **Test Bank** Prepared by Lynn Leary-Myers, University of Utah, and Matthew Will, University of Indianapolis, 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. The Test Bank is assignable within *Connect* and available as a Word file or within EZ Test Online.
- **PowerPoint Presentations** These presentation slides, developed by Nicholas Racculia, 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.

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