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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）

投资学精要（第6版）

（美）Zvi Bodie Alex Kane Alan J. Marcus 著

Essentials of Investments (Sixth Edition)



清华大学出版社

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投資學精要(第2版)

陳國棟 主編 陳國棟 陳國棟 陳國棟 陳國棟 編

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北京

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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。鉴于大部分引进版教材篇幅过长，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具有权威性的经典之作。

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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

2006.8

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，就需要引进一些原版的教材。一则，用于满足我们教学的部分需求；二则，更好地了解原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生学习的能力和兴趣，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。

讲到美国麦格劳 - 希尔教育出版公司，就要提到该公司的中国首席代表姜峰先生。我同他认识已经多年了。1995 年，他供职西蒙与舒斯特公司北京代表处。从那时起，他便开始来学校拜访，打破我们出版社坐等教师上门的惯例。他这种服务教学的理念就是直接同我们的教师见面，为教师提供教学资源，从早期的印刷版图书到磁盘、光盘，到在线资源、在线系统。这些年，姜峰先生尽管已经换到目前的公司工作，但他始终坚持着这一服务教学的理念，认真实践着他的教育出版观。

在同姜峰先生讨论引进国际上在工商管理教学的最新成果时，基本上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哪一步，我们就引进到哪一步。二是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：CMS，课程管理系统。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) 不同于国内各高校自己研发的以学籍管理或基于录像、课件的远程教学为中心的校园管理平台，它可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。

2003 年 12 月底，从姜峰先生处得知 BlackBoard 在中国落地，便通过他与赛尔毕博公司接触，很快决定在中国人民大学商学院引进该平台支持教学。2004 年的春季学期，人大商学院 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，人大商学院的经验，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，转向到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，为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的人们，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，不亦悦乎。”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的前列！

徐二明

教育部高校工商管理类教学指导委员会主任委员

中国人民大学商学院院长

2004 年金秋于北京

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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*. His textbook, *Investments*, co-authored with Alex Kane and Alan Marcus, is the market leader and is used in certification programs of the Financial Planning Association and the Society of Actuaries. His textbook *Finance* is coauthored by Nobel Prize-winning economist, Robert C. Merton. 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 last two decades have brought rapid, profound, and ongoing change to the investments industry. This is due in part to an abundance of newly designed securities, in part to the creation of new trading strategies that would have been impossible without concurrent advances in computer and communications technology, and in part to continuing advances in the theory of investments. Of necessity, our text has evolved along with the financial markets. In this edition, we address many of the changes in the investment environment.

At the same time, many basic *principles* remain important. We continue to organize our book around one basic theme—that *security markets are nearly efficient*, meaning that most securities are usually priced appropriately given their risk and return attributes. There are few free lunches found in markets as competitive as the financial market. This simple observation is, nevertheless, remarkably powerful in its implications for the design of investment strategies, and our discussions of strategy are always guided by the implications of the efficient markets hypothesis. While the degree of market efficiency is, and will always be, a matter of debate, we hope our discussions throughout the book convey a good dose of healthy skepticism concerning much conventional wisdom.

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 Web site (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 for the title of 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.

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 as well as 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 Sixth Edition

Essentials of Investments, Sixth 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. The organization of these chapters makes it possible for instructors to assign term projects analyzing securities early in the course.

Thoroughly updated to reflect changes in financial markets such as electronic communication networks (ECNs), online and Internet trading, and market consolidation—the most current textbook available!

Includes excerpts from the “Code of Ethics and Standards of Professional Conduct” of the CFA Institute.

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

All data is updated in this edition

This chapter introduces simple in-chapter spreadsheets that can be used to compute covariance matrixes, investment opportunity sets, and the index model. The spreadsheet material is modular; it can be integrated with class material, but also may be skipped without problem.

This chapter has greater focus on the use of factor and index models as a means to understand and measure various risk exposures as well as multifactor risk-return relationships.

Our treatment of behavioral finance has been fully reworked, with more careful development of behavioral hypotheses and their implications for security pricing.

First of three parts on security valuation

We have added new spreadsheet material helpful in analyzing bond prices and yields, for example, pricing bonds in-between coupon dates.

Contains spreadsheet material on duration and convexity.

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Presented in a “top-down” manner, starting with the broad macroeconomic environment before moving to more specific analysis.

Current coverage of how international political developments have had major impacts on economic prospects.

Now contains free cash flow equity valuation models as well as a discussion of corporate earnings management strategies.

Contains new section on quality of earnings and the veracity of financial reports. Also contains section on economic value added.

These markets have become crucial and integral to the financial universe and are major sources of innovation.

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

In-chapter spreadsheet material on the Black-Scholes model and estimation of implied volatility.

Material on active management has been unified in one part. Ideal for closing-semester unit on applying theory to actual portfolio management.

Extensive new material on behavioral finance. This new material also provides a foundation for the study of technical analysis.

Modeled after the CFA Institute curriculum, this chapter also includes guidelines on “How to Become a Chartered Financial Analyst.”

Pedagogical Features

Chapter Objectives

Each chapter begins with a summary of the chapter objectives, providing students with an overview of the concepts they should understand after reading the chapter. A chapter overview follows.

AFTER STUDYING THIS CHAPTER YOU SHOULD BE ABLE TO:

- Define an investment.
- Distinguish between real assets and financial assets.
- Describe the major steps in the construction of an investment portfolio.
- Identify major participants in financial markets.
- Identify types of financial markets and recent trends in those markets.

related WEBSITES

finance.yahoo.com
www.bankrate.com
www.bloomberg.com/markets/rates/index.html
money.com.com/markets/bondcenter
www.bondsonline.com
www.bondresources.com
www.investinginbonds.com
www.bondsonline.com
These sites contain extensive information on bonds with many related links. The last site has a useful glossary.
www.standardandpoors.com
www.moody's.com
www.fitchiia.com
These sites provide information on bond ratings.

www.stlouisfed.org
The FRED database offers historical data on interest rates and other macroeconomic variables.
www.stockcharts.com/charts/YieldCurve.html
www.smartmoney.com/onebond/index.cfm?story=yieldcurve
These sites offer dynamic animated yield curves, illustrating how the yield curve has changed over time.
www.nasdbondinfo.com
Price data on individual bonds may be found here.
www.valuebasedmanagement.net/methods_olmson_score.html
This site discusses the Altman Z-score model for predicting corporate bankruptcy.

Related Web Sites

Web sites have been updated and expanded so students are able to easily reference the most current and relevant information on the Web.

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

Investment Banking

Public offerings of both stocks and bonds typically are marketed by investment bankers who in this role are called underwriters. More than one investment banker usually markets the securities. A lead firm forms an underwriting syndicate of other investment bankers to share the

underwriters
Underwriters purchase securities from the issuing company and resell them.

Key Terms in the Margin

Key terms are indicated in color and defined in the margin the first time the term is used. A glossary is available on the book Web site www.mhhe.com/bkm.

Numbered Equations

Key equations are called out in the text and identified by equation numbers. Equations that are frequently used are also featured on the text's end sheets for convenient reference.

3. The risk premium on the market portfolio will be proportional to the variance of the market portfolio and investors' typical degree of risk aversion. Mathematically

$$E(r_M) - r_f = A^* \sigma_M^2 \quad (7.1)$$

where σ_M is the standard deviation of the return on the market portfolio and A^* is a scale factor representing the degree of risk aversion of the average investor.

Why It's So Tough to Fix Your Portfolio

If your portfolio is out of whack, you could ask an investment adviser for help. But you might have better luck with your therapist.

It's a common dilemma: You know you have the wrong mix of investments, but you cannot bring yourself to fix the mess. Why is it so difficult to change? At issue are three mental mistakes.

CHASING WINNERS

Looking to lighten up on bonds and get back into stocks? Sure, you know stocks are a long-term investment and, sure, you know they are best bought when cheap.

Yet it's a lot easier to pull the trigger and buy stocks if the market has lately been scoring gains. "People are influenced by what has happened most recently, and then they extrapolate from that," says Meir Statman, a finance professor at Santa Clara University in California. "But often, they end up being optimistic and pessimistic at just the wrong time."

Blame it on the old "get even, then get out" syndrome. With stocks trading water, many investors are reluctant to sell, because they are a long way from recovering their bear-market losses. To be sure, investors who bought near the peak are underwater, whether they sell or not. But selling losers is still agonizing, because it means admitting you made a mistake.

"If you're rational and you have a loss, you sell, take the tax loss and move on," Prof. Statman says. "But if you're a normal person, selling at a loss tears your heart out."

MUSTERING COURAGE

Whether you need to buy stocks or buy bonds, it takes confidence to act. And right now, investors just aren't confident. "There's this status-quo bias," says John Nofsinger, a finance professor at Washington State University in Pullman, Washington. "We're afraid to do anything, because we're afraid we'll regret it."

Chances are, it's not by recent market action. When

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 for the students.

WebMaster Exercises

Expanded for this edition, WebMaster exercises allow students to test their skills on the Internet. Each exercise consists of an activity related to practical problems and real-world scenarios. One exercise is featured within the body of the chapter and another at the end of the chapter.



Stock Market Index

Not all stock market indexes are created equal. Different methods are used to calculate various indexes, and different indexes will yield different assessments of "market performance." Using one of the following data sources, retrieve the stock price for 5 different firms on the first and last trading days of the previous month.

- www.nasdaq.com
- www.nyse.com
- www.bloomberg.com
- finance.yahoo.com

1. Compute the monthly return on a price-weighted index of the 5 stocks.
2. Compute the monthly return on a value-weighted index of the 5 stocks.
3. Compare the two returns, explain the differences, and defend which you think is a better measure of the "true" performance of this sector of the market.

CONCEPT check

2. The Equity Fund sells Class A shares with a front-end load of 4% and Class B shares with 12b-1 fees of .5% annually as well as back-end load fees that start at 5% and fall by 1% for each full year the investor holds the portfolio (until the fifth year). Assume the rate of return on the fund portfolio net of operating expenses is 10% annually. What will be the value of a \$10,000 investment in Class A and Class B shares if the shares are sold after (a) 1 year, (b) 4 years, (c) 10 years? Which fee structure provides higher net proceeds at the end of each investment horizon?

Concept Checks

These self-test questions/problems 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.

Numbered Examples

Numbered and titled examples are integrated in the chapters. 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.

Consider two firms with the same ROA of 10% per year. The first is a supermarket chain and the second is a gas and electric utility.

As Table 13.7 shows, the supermarket chain has a "low" profit margin of 2% and achieves a 10% ROA by "turning over" its assets five times per year. The capital-intensive utility, on the other hand, has a "low" ATO of only 0.5 times per year and achieves its 10% ROA through its higher, 20% profit margin. The point here is that a "low" margin or ATO ratio need not indicate a troubled firm. Each ratio must be interpreted in light of industry norms.

Even within an industry, margin and ATO sometimes can differ markedly among firms pursuing different marketing strategies. In the retailing industry, for example, Neiman-Marcus pursues a high-margin, low-ATO policy compared to Wal-Mart, which pursues a low-margin, high-ATO policy.

EXAMPLE 13.2

Margin vs. Turnover

Pedagogical Features (Continued)

Excel Applications

Since many courses now require students to perform analyses in spreadsheet format, Excel has been integrated throughout the book once again. 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 then directs 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 Web site (www.mhhe.com/bkm); available spreadsheets are denoted by an icon. At this site, there is a more detailed discussion on how the spreadsheet is built, and how it can be used to solve problems. 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 6: Efficient Frontier for Many Stocks
- Chapter 7: Estimating the Index Model
- Chapter 10: Immunization; Convexity
- Chapter 14: Spreads and Straddles; Options, Stocks, and Lending
- Chapter 16: Parity and Spreads
- Chapter 17: Performance Attribution; Performance Measures

Spreadsheet exhibits templates are also available for the following:

- Chapter 6: Spreadsheets 6.1–6.6
- Chapter 9: Spreadsheets 9.1 & 9.2
- Chapter 10: Spreadsheets 10.1 & 10.2
- Chapter 12: Spreadsheets 12.1 & 12.2
- Chapter 15: Spreadsheet 15.1

IMMUNIZATION



You can find a link to this spreadsheet at www.mhhe.com/bkm

The Excel immunization model allows you to analyze any number of time-period or holding-period immunization examples. The model is built using the Excel-supplied formulas for bond duration, which allow the investigation of any maturity bond without building a table of cash flows.

excel APPLICATIONS

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	A	B	C	D	E	F	G	H
1	Holding Period Immunization							
2								
3	YTM	0.0800	Mar Price	1000.00				
4	Coupon R	0.0800						
5	Maturity	6			Duration	#NAME?		
6	Par Value	1000.00						
7	Holding P	5						
8	Duration	4.9927						
9								
10								
11	If Rates Increase by 200 basis points				If Rates Increase by 100 basis points			
12	Rate	0.1000			Rate	0.0900		
13	FV of CPS	488.41			FV of CPS	478.78		
14	SalesP	981.82			SalesP	990.83		
15	Total	1470.23			Total	1469.60		
16	IRR	0.0801			IRR	0.0800		
17								
18								
19								
20	If Rates Decrease by 200 basis points				If Rates Decrease by 100 basis points			

End-of-Chapter Features

SUMMARY

- Macroeconomic policy aims to maintain the economy near full employment without aggravating inflationary pressures. The proper trade-off between these two goals is a source of ongoing debate.
- The traditional tools of macropolicy are government spending and tax collection, which comprise fiscal policy, and manipulation of the money supply via monetary policy. Expansionary fiscal policy can stimulate the economy and increase GDP but tends to increase interest rates. Expansionary monetary policy works by lowering interest rates.
- The business cycle is the economy's recurring pattern of expansions and recessions.

Summary

This bulleted feature helps the student review key points and provides closure to the chapter.

Key Terms

The list of key terms includes page references, facilitating student review of the chapter's key concepts.

KEY TERMS

ask price, 66	inside information, 88	secondary market, 59
auction market, 66	limit order, 67	short sale, 82
bid-ask spread, 66	margin, 80	specialist, 69
bid price, 66	Nasdaq, 71	stock exchanges, 72
block transactions, 73	over-the-counter (OTC) market, 68	undersubscribers, 59
dealer markets, 65	primary market, 59	
electronic communication networks (ECNs), 69	private placement, 61	
initial public offerings (IPOs), 59	program trade, 74	
	prospectus, 60	

PROBLEM SETS



1. A portfolio of nondividend-paying stocks earned a geometric mean return of 5.0% between January 1, 1998, and December 31, 2004. The arithmetic mean return for the same period was 6.0%. If the market value of the portfolio at the beginning of 1998 was \$100,000, what was the market value of the portfolio at the end of 2004?
2. Which of the following statements about the standard deviation is **true**? A standard deviation:
 - i. Is the square root of the variance.
 - ii. Is denominated in the same units as the original data.

Problem Sets

The end-of-chapter problems progress from the simple to the complex. We strongly believe that practice in solving problems is a critical part of learning investments, so we provide a good variety of problems. Many of the problems are new or revised from the previous edition.

CFA Questions

We provide several questions from recent 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. These problems are identified by an icon in the text margin. Appendix B 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.

STANDARD & POOR'S

www.mhhe.com/bkm

1. Go to www.mhhe.com/edumarketinsight. Select the Company tab and enter ticker symbol WB. Click on the Company Profile in the Compustat Reports section. What kind of firm is Wachovia?
2. In the EDGAR section, locate Wachovia's most recent balance sheet. This may be annual (10-K) or quarterly (10-Q). When you click on the link, the entire filing will appear. Scroll down until you find the Balance Sheet.
3. Calculate the common-size percentage for Wachovia's net worth, which equals total stockholders' equity divided by total assets. How does this percentage compare to the net worth of commercial banks from Table 1.5 in the text? Repeat the process for Bank of America (BAC) and compare your answers.

S&P Problems

Relevant chapters contain several new problems directly related to Standard & Poor's Educational Version of Market Insight. Because of our unique relationship with S&P, students have access to this remarkable database. Problems are based on market data provided by 1,000 real companies to gain better understanding of practical business situations. The site is updated daily to ensure the most current information is available.

Excel Problems

New to this edition, selected end-of-chapter questions have been included that require the use of Excel. These problems are denoted with an icon. A template is available at the book Web site www.mhhe.com/bkm.

14. Recalculate the intrinsic value of Hewlett-Packard using the three-stage growth model of Spreadsheet 12.1 (available at www.mhhe.com/bkm; link to Chapter 12 material). Treat each scenario independently.
 - a. ROE in the constant growth period will be 14%.
 - b. HP's actual beta is 1.20.
 - c. The market risk premium is 7%.
15. Recalculate the intrinsic value of Hewlett-Packard shares using the free cash flow model of Spreadsheet 12.2 (available at www.mhhe.com/bkm; link to Chapter 12 material). Treat each scenario independently.
 - a. HP's P/E ratio starting in 2008 will be 22.
 - b. HP's unlevered beta is 1.1.
 - c. The market risk premium is 7%.

Excel

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Excel

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Supplements

For the Instructor

INSTRUCTOR'S RESOURCE CD

ISBN-13: 9780073041643

ISBN-10: 0073041645

This comprehensive CD contains all of the following instructor supplements. We have compiled them in electronic format for easier access and convenience. Print copies are available through your McGraw-Hill representative.

Instructor's Manual

Prepared by Richard D. Johnson, Colorado State University, this instructional tool provides an integrated learning approach revised for this edition. Each chapter includes a Chapter Overview, Learning Objectives, and Presentation of Material—which outlines and organizes the material around the PowerPoint Presentation.

Test Bank

Prepared by Matt Will, University of Indianapolis, the Test Bank contains more than 1,200 questions and will include over 300 new questions. Each question is ranked by level of difficulty (easy, medium, hard), which allows greater flexibility in creating a test. A computerized format for Windows is also available.

Computerized Test Bank

Utilizing McGraw-Hill's *EZ Test* testing software for Windows to quickly create customized exams, this user-friendly program allows instructors to sort questions by format; edit existing questions or add new ones; and scramble questions for multiple versions of the same test.

PowerPoint Presentation System

These presentation slides, also developed by Richard D. Johnson, 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

Prepared by Bruce Swensen, Adelphi University, provides detailed solutions to the end of chapter problems.

Excel Templates

Eric Sandburg of Interactive Learning created the electronic templates in Excel. There are templates for selected spreadsheets featured within the text, as well as the ones featured among the Excel Applications boxes. Selected 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 Web site www.mhhe.com/bkm and are denoted by an icon.

VIDEOS

VHS ISBN-13: 9780073041674

ISBN-10: 007304167X

DVD ISBN-13: 9780073257662

ISBN-10: 0073257664

There are seven video segments covering careers, financial markets, bonds, going public, derivatives, portfolio management, and foreign exchange.