

Equity概念整理

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概念：

Equity押题

1、 Multiple choices

2.short answer(简答)

Solution:

3.论述

Solution

4.计算

图

其他待整理：

概念：

1. 债券的类型

bill,note,bond

2. money market and capital markets

one year or less;a longer duration ,such as bonds and equities

3. traditional investment market :all publicly trade

alternative investment market :hedge funds,,private equity(including VC),commodities,real estate..

4. pooled investment

mutual funds,trusts,depositories,hedge funds

pool money from many investors for investment in portfolio of selections

5. open -ended funds closed-ended funds

可以加股，按日加； redeemable

一旦确定就不能加，可以在二级市场卖给别人，会有premium等， which are not redeemable from the fund

6. option contract :An option contract allows the holder of the option to buy or sell,depending on the type of option,an underlying instrument
7. european style
8. american style
9. broker-dealer referring to the broker and dealers
conflict:when broker seek the best price
dealers :低买高卖
10. arbitrageurs
trade when they can identify opportunity to buy and sell identical or essentially instruments at different prices in different markets.
11. counterparty risk
the risk that their counterparties will not settle their trades
12. clearinghouses
arrange for final settlement of trades
13. margin loan :
the borrowed money
14. interest
tax rate
15. security market index
Most index are constructed as portfolios of marketable securities
16. price return index(price index)
17. market value
the price at which an asset can currently be bought or sold
18. intrinsic value(fundamental value)
19. the value that would be placed on it by investors if they had a complete understanding of the asset's investment characteristics
20. technical analysis
21. analysis of historical information
22. fundamental analysis

23. examination of publicly available information and the formulation of forecasts to estimate the intrinsic value of assets

24. January effect, momentum and overreaction anomalies, size effect, value effect, close-end investment fund discounts, earnings surprise, IPO,

25. Describe characteristics of value stocks and growth stocks

low P/E, low M/B, high dividend

29. value tilting A fund developed when an institution compiles a core holding of stocks that mimic a benchmark type index such as the S&P 500 to which additional securities are added to help tilt the fund toward outperforming the market fundamentally weighted index 基本面指数基金是指以基本面指数为跟踪标的的指数基金。与沪深300指数基金相似，沪深300指数基金即该指数基金的跟踪标的为沪深300指数。

A fundamentally weighted index is a type of equity index in which components are chosen based on fundamental criteria as opposed to market capitalization. Fundamentally weighted indexes can base their construction on a range of fundamental metrics, such as revenue, dividend rates, earnings or book value. Fundamentally weighted indexes provide a benchmark for passively managed funds offered to investors seeking exposure to stocks based on fundamental characteristics.

27. Cumulative voting

A voting process whereby each shareholder can accumulate and vote all his or her shares for a single candidate in an election, as opposed to having to allocate their voting rights evenly among all candidates.

28. Callable common shares

firm the right to repurchase the stock at a pre-specified call price 29. Preference Shares no voting rights usually, fixed periodic payments. 30. Convertible preference shares can be exchanged for common stock at a conversion ratio determined when the shares are originally issued. 31. Venture Capital capital provided to firms early in their life cycles to fund their development and growth. Illiquid and investors often have to commit funds to three to ten years before they can cash out 32. Leveraged Buyout (LBO) investors buy all of firm's equity using debt financing (leverage). If LBO is firm's current management it's a management buyout. (MBO). 33. Private Investment in Public Equity (PIPE) public firm that needs capital quickly sells private equity to investors. 34. American Depositary Receipts denominated in US dollars and trade in the US.

Equity押题

1、Multiple choices

1.Which of the following financial intermediaries is most likely to provide liquidity service to its clients? **A. Dealers** B. Brokers C. Exchanges

The service that dealers provide is liquidity. Liquidity is the ability to buy or sell with low transaction costs when investors want to trade.

2.The behavioral bias in which investors tend to avoid realizing losses but rather seek to realize gains is best described as: A. the gambler's fallacy. **B. the disposition effect.** C. mental accounting.

处置效应的概念，选择持有亏损和过早的卖出盈利的股票。

3.An observation that stocks with above average price-to-earnings ratios have consistently underperformed those with below average price-to-earnings ratios least likely contradicts which form of market efficiency? **A. Weak form** B. Semi-strong form C. Strong form

高于平均市盈率的股票始终低于低于平均市盈率的股票的观察结果是一个横截面异常。它与半强形式的市场效率和强形式的市场效率是矛盾的，因为用于按股票市盈率对股票进行分类的所有信息都是公开的。这与弱势的市场效率并不矛盾。

4..An investor opens a margin account with an initial deposit of \$5,000. He then purchases 300 shares of a stock at \$30 each on margin, and his account requires a maintenance margin of 30%. Ignoring commissions and interest, the price at which the investor will receive a margin call is closest to:

A. 19.05 B. 23.08.

C. \$23.81

公式: $\text{original price}(1 - \text{initial margin}) = \text{margin call price}(1 - \text{maintenance margin})$. 在这道题里面, $\text{initial margin} = 5000 / (300 \times 30) = 5/9$

5.Which statement does not identify assumptions of the capital asset pricing model?

A. Investors are price takers, investors are rational, and transaction costs are ignored.

B. Investors are risk-seeking, fractional ownership is possible, and investors are price takers.

C. Investors have the same holding period, investors value securities identically, and taxes can be ignored.

CAPM assumes all investors are **risk-averse, utility-maximizing and rational individuals**.

6.

EXAMPLE 5

Factors Affecting Market Efficiency

The expected effect on market efficiency of opening a securities market to trading by foreigners would be to:

- A. decrease market efficiency.
- B. leave market efficiency unchanged.
- C. increase market efficiency.

Solution:

C is correct. The opening of markets as described should increase market efficiency by increasing the number of market participants.

7.

The weak form of the efficient market hypothesis implies that _____

- I. only major market events can be predicted.
- II. past price changes cannot be used to predict future price changes.
- III. technical analysis is useless.

< PREVIOUS Q

> NEXT Q

PRINT

Correct Answer: II and III

Technical analysts assume the markets are weak-form INEFFICIENT.

2.short answer(简答)

1.january effect

2.disposition effect

4. passive investment
5. contrarian effect
6. primary market, secondary market
7. Sponsored DR
8. initial margin requirement
9. risk shifting, risk transfer
10. Porter five determinants of the intensity of competition
11. 影响市场有效的因素

Solution:

1. 略
2. 处置效应 (Disposition Effect) , 即投资者趋于过长时间地持有正在损失的股票, 而过快地卖掉正在盈利的股票, 处置效应是资本市场中一种普遍存在的投资者非理性行为。
4. 特征是交易量比较少, 满足于普通的市场回报: buying and holding a broad market portfolio
5. 买进过去表现差的股票而卖出过去表现好的股票来进行套利的一种投资方法, 是行为金融最为成熟也是最受关注的运用之一。
6. 略
7. firm is involved with the issue. Provides investor voting rights and usually subject to greater disclosure requirements. Unsponsored, depository bank retains voting rights
8. minimum fraction of the purchase price must be its equity
9. **Risk transfer.** This is to pass on a risk to another party, often in the form of an **insurance policy**. An insurer attempts to sell policies with risks that have low correlations and can be diversified away. **Risk shifting.** This refers to actions that change the distribution of risk outcomes. The principal device is a **derivative** which can be used to shift risk across the probability distribution and from one party to another. There are two categories of derivatives: forward commitments and contingent claims. The primary determinant of which method is best for modifying risk is weighing the benefits against the costs, with consideration for the overall final risk profile and adherence to risk governance objectives.

10.进入行业的威胁。 供应商的力量 买家的力量， 替代品的威胁， 现有竞争对手之间的竞争，

(The threat of entry to the industry。 The power of suppliers The power of buyers, The threat of substitutes, The rivalry among existing competitors)

11.影响市场效率的因素

market participants (人越多越好)

Information Availability and Financial Disclosure

Limits to Trading(套利和卖空会促进市场效率)

3.论述

1.What is CAL,CML,SML? Use a graph to help you explain

2.Explain three types of efficient market(weak-form...etc)

3.what is Two-fund therom?

4..Name some market anomalies

5.Difference between CML and SML

6.Make a narrtive description of CAPM

7.Difference about open-funded,end-fund,ETF

Solution

3.见之前博客

4.金融异象

Exhibit 3. Sampling of Observed Pricing Anomalies

Time Series	Cross-Sectional	Other
January effect	Size effect	Closed-end fund discount
Day-of-the-week effect	Value effect	Earnings surprise
Weekend effect	Book-to-market ratios	Initial public offerings
Turn-of-the-month effect	P/E ratio effect	Distressed securities effect
Holiday effect	Value Line enigma	Stock splits
Time-of-day effect		Super Bowl
Momentum		
Overreaction		

CH 册 英 简

值得注意的几个：

(1) momentum是投资者可以通过买入过去收益率高的股票、卖出过去收益率低的股票获利，追涨杀跌。

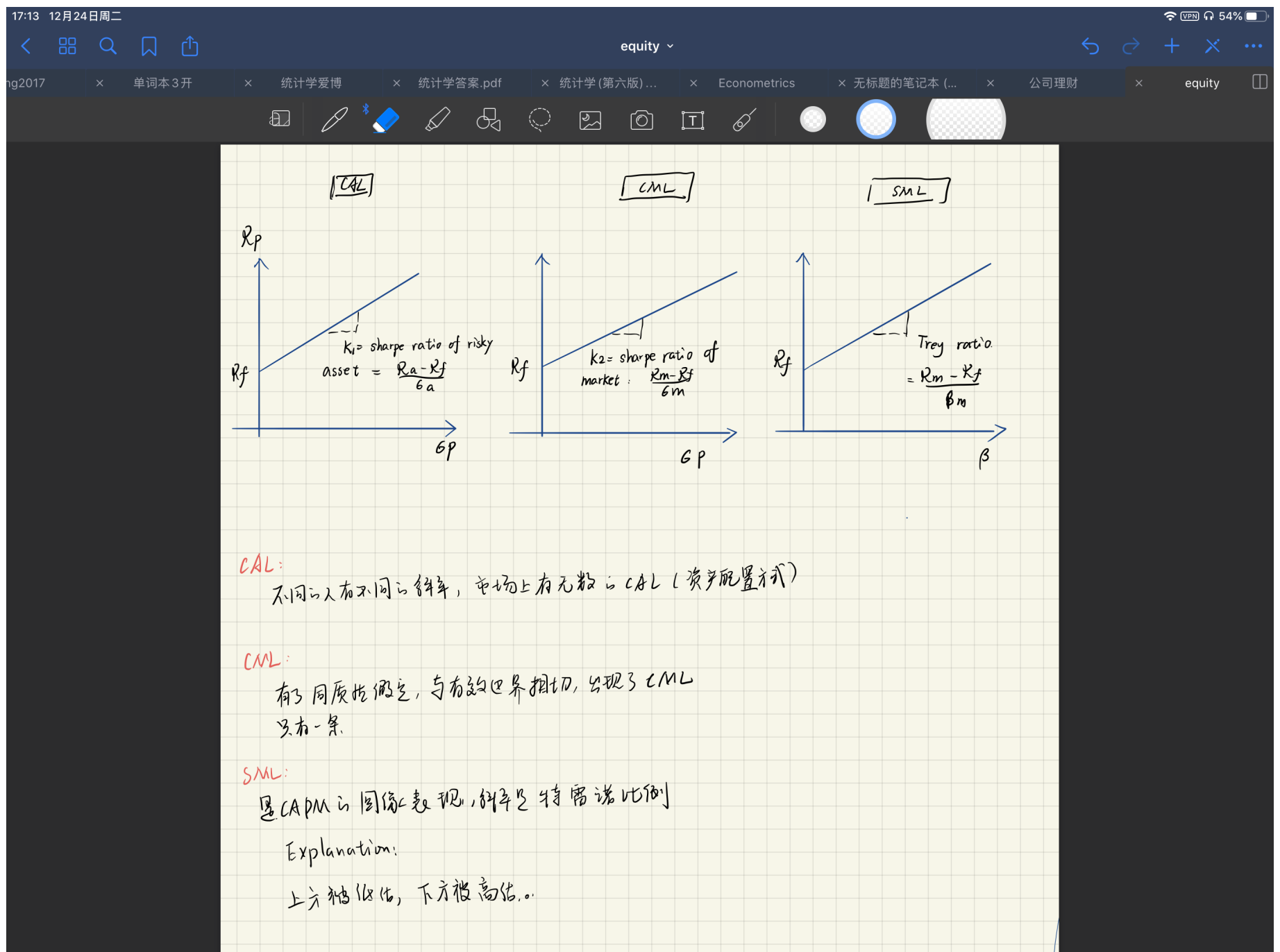
(2) overreaction 股市好会增强其乐观的情绪状态，在信息加工上将造成选择性认知偏差，即投资者会对利好消息过于敏感，而对利空消息麻木。

简单地说就是股票涨，投资者就疯狂买；股票跌，投资者就疯狂抛售

(3) P/E 指的是市盈率低的股票被发现会有abnormal return

第五题的解答：

- The CML examines the expected returns on efficient portfolios and their total risk(measured by standard deviation). The SML examines the expected returns on individual assets and their systematic risk(measured by beta). If the expected return-beta relationship is valid for any individual securities, it must also be valid for portfolios constructed with any of these securities. So, the SML is valid for both efficient portfolios and individual assets.
- The CML is the graph of the efficient frontier, and the SML is the graph of the CAPM.
- The slope of the CML is the market portfolio's Sharpe ratio, and the slope of the SML is the market risk premium. (Treynar ratio)
- All properly priced securities and efficient portfolios lie on the SML. However, only efficient portfolios lie on the CML.



6. The CAPM (Capital Asset Pricing Model), derived using principles of diversification with simplified assumptions, is the equilibrium model that underlies all modern financial theory. Because it builds on the **Markowitz portfolio model**, it requires the same assumptions, along with some additional ones:

- Investors only need to know expected returns, variances, and covariances in order to create optimal portfolios.
- Investors have homogeneous expectations: that is, they estimate identical probability distributions for future rates of return.
- All assets are marketable. The market for assets is perfectly competitive.
- Individual investors are price takers.
- Investors can borrow and lend any amount of money at the risk-free rate of return.
- There are no taxes or transaction costs involved in buying or selling assets.

7. ETF与封闭式基金，开放式基金的区别

集合投资工具（Pooled investment）可以是开放式或封闭式的。

- 开放式基金通常按需发行新股并按需赎回现有股票。基金赎回和出售股票的价格基于基金的投资组合，即基金资产和负债之间的差额，表示为按每股计算。
- 封闭式基金，在一级市场发行。发行后，投资者不能将其股票要求赎回资金。相反，封闭式基金的投资者必须出售其股票给二级市场上的其他投资者。封闭式基金的二级市场价格有时可能与资产净值有所不同（有时非常明显）。封闭式基金通常以低于其资产净值的折扣进行交易。
- ETF属于开放式基金（open-ended fund），由金融中介创办，可以在二级市场上交易，ETF交易价格，净资产值很少有太大差异

8.Describe the principles of strategic analysis of an industry

波特五力和lifecycle-model

9.A **security market index** represents a given security market, market segment, or asset class. Most indexes are constructed as portfolios of marketable securities

（证券市场指数代表给定的证券市场，细分市场或资产类别。大多数指数被构建为有价证券投资组合）

10.(IPS) A written planning document that describes a client's investment objectives and risk tolerance over a relevant time horizon, along with constraints that apply to the client's portfolio.

11.behaviour finance

risk aversion 风险厌恶 有50%的风险失去与得到100元，不愿意

loss aversion

herding 羊群效应

overconfidence 过度高估自己投资能力

information cascade 信息瀑布，后来的人看到前面的人的投资行为从而改变行为

其他

- **representativeness**—investors assess new information and probabilities of outcomes based on similarity to the current state or to a familiar classification;
- **mental accounting**—investors keep track of the gains and losses for different investments in separate mental accounts and treat those accounts differently;
- **conservatism**—investors tend to be slow to react to new information and continue to maintain their prior views or forecasts; and
- **narrow framing**—investors focus on issues in isolation and respond to the issues based on how the issues are posed.⁶¹

4.计算

1.market-weighted index的计算

2.例题：

EXAMPLE 1

Computation of Returns

Ulli Lohrmann and his wife, Suzanne Lohrmann, are planning for retirement and want to compare the past performance of a few mutual funds they are considering for investment. They believe that a comparison over a five-year period would be appropriate. They are given the following information about the Rhein Valley Superior Fund that they are considering.

Year	Assets Under Management at the Beginning of Year (€)	Net Return (%)
1	30 million	15
2	45 million	-5
3	20 million	10
4	25 million	15
5	35 million	3

The Lohrmanns are interested in aggregating this information for ease of comparison with other funds.

1. Compute the holding period return for the five-year period.
2. Compute the arithmetic mean annual return.
3. Compute the geometric mean annual return. How does it compare with the arithmetic mean annual return?
4. The Lohrmanns want to earn a minimum annual return of 5 percent. Is the money-weighted annual return greater than 5 percent?

3.最后一次作业的各种比率



2.2. Major Components of an IPS

There is no single standard format for an IPS. Many IPS, however, include the following sections:

- *Introduction.* This section describes the client.
- *Statement of Purpose.* This section states the purpose of the IPS.
- *Statement of Duties and Responsibilities.* This section details the duties and responsibilities of the client, the custodian of the client's assets, and the investment managers.
- *Procedures.* This section explains the steps to take to keep the IPS current and the procedures to follow to respond to various contingencies.
- *Investment Objectives.* This section explains the client's objectives in investing.
- *Investment Constraints.* This section presents the factors that constrain the client in seeking to achieve the investment objectives.
- *Investment Guidelines.* This section provides information about how policy should be executed (e.g., on the permissible use of leverage and derivatives) and on specific types of assets excluded from investment, if any.
- *Evaluation and Review.* This section provides guidance on obtaining feedback on investment results.

CH

Henri Gascon: Outline of an IPS

Following is a simplified excerpt from the IPS the adviser prepares for Henri Gascon, covering objectives and constraints.

Risk Objectives:

- The portfolio may take on relatively high amounts of risk in seeking to meet the return requirements. With a 20-year time horizon and significant assets and income, the client has an above average ability to take risk. The client is a knowledgeable investor, with an above average willingness to take risk. Hence, the client's risk tolerance is above average, explaining the above portfolio risk objective.
- The portfolio should be well diversified with respect to asset classes and concentration of positions within an asset class. Although the client has above average risk tolerance, his investment assets should be diversified to control the risk of catastrophic loss.

Return Objectives:

The portfolio's long-term return requirement is 6.2 percent per year, in nominal terms and net of fees, to meet the client's retirement income goal.

Constraints:

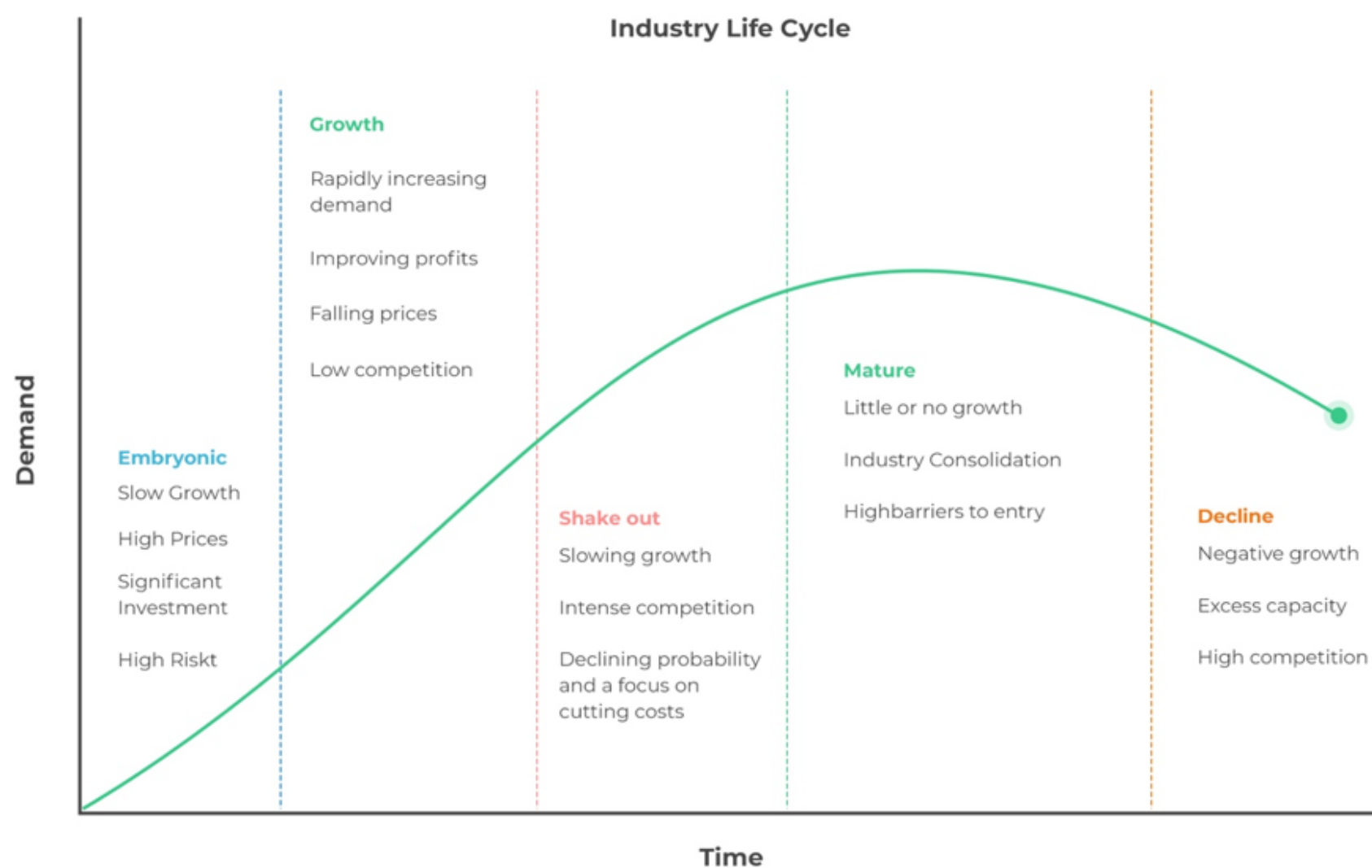
- *Liquidity:* The portfolio consists of pension fund assets and there is no need for liquidity in the short to medium term.
- *Time Horizon:* The portfolio will be invested with a 20-year time horizon. The client intends to retire in 20 years, at which time an income will be drawn from the portfolio.
- *Tax Status:* Under French law, contributions to the fund are made gross of tax and returns in the fund are tax-free. Hence, the client is indifferent between income and capital gains in the fund.
- *Legal and Regulatory Factors:* The management of the portfolio must comply with French pension fund regulations.
- *Unique Needs:* The client is an executive in the oil industry. The portfolio should strive to minimize additional exposures to oil and related stocks.

流动性—较低的流动性/支出需求，更大的冒险能力

税收—投资者只关心税后投资收益。因此，我们需要记录并了解其税率，应税/退休账户和特定资产税 时间范围—时间范围是指存钱/投资钱与要求钱之间的时间。时间跨度越长，冒险的能力就越强 法律—任何法律问题/约束，例如无法购买特定类型的资产 独特的约束-抓住所有偏好。可以包括道德考量，宗教考量



Industry Life-Cycle Model



FORMS OF MARKET EFFICIENCY (FAMA 1970)

	Market prices reflect:		
	Past market data	Public information	Private information
Forms of market efficiency			
Weak form of market efficiency	✓		
Semi-strong form of market efficiency	✓	✓	
Strong form of market efficiency	✓	✓	✓

其他待整理：

2. leverage position

3. order相关？

Reading 40

DC,DB,plan养老金

客户不同需求满足

SMA

ETF

hedge fund

Reading 41

risk tolerance 了解

financial risk/non-financial risk

VAR(最小值)

大公司收益风险<小公司

效用理论 无差异曲线（重点可能大题）

CAL资本配置线 最优组合M点

完全正负不相关

CAL与最小方差边界（用英文）假设（例11计算）

总风险，系统风险，非系统风险

SML,CML的区别2个

CAPM发展历程

对于整个资产定价理论的看法

IPS风险目标，收益目标，限制（设计模型）

公募私募的对比

金融监管

普通股优先股的对比

收购

行业分析（图，特征）

对照组

The assumptions of the CAPM are:

- *Risk aversion.* To accept a greater degree of risk, investors require a higher expected return.
- *Utility maximizing investors.* Investors choose the portfolio, based on their individual preferences, with the risk and return combination that maximizes their (expected) utility.
- *Frictionless markets.* There are no taxes, transaction costs, or other impediments to trading.
- *One-period horizon.* All investors have the same one-period time horizon.
- *Homogeneous expectations.* All investors have the same expectations for assets' expected returns, standard deviation of returns, and returns correlations between assets.

1. Which of the following activities is *most likely* to be performed as part of the execution step of the portfolio management process?
 - A. Completion of the investment policy statement.
 - B. Top-down analysis based on macroeconomic conditions.
 - C. Rebalancing the portfolio to the desired asset class exposures.
2. A manager who evaluates portfolios' investment performance adjusted for systematic risk is *most likely* to rank portfolios based on their:
 - A. Sharpe ratios.
 - B. Treynor measures.
 - C. M-squared measures.
4. Which of the following risk management strategies is *most accurately* described as shifting a risk?
 - A. A retail store owner buys a fire insurance policy on the building.
 - B. A farmer takes a short position in a futures contract to deliver wheat.
 - C. A portfolio manager diversifies her investments across different industries.

1. Fintech is *most accurately* described as:
 - A. the application of technology to the financial services industry.
 - B. the replacement of government-issued money with electronic currencies.
 - C. the clearing and settling securities trades through distributed ledger technology.
2. Which of the following technological developments is *most likely* to be useful for analyzing Big Data?
 - A. Machine learning.
 - B. High-latency capture.
 - C. The Internet of Things.
3. A key criticism of robo-advisory services is that:
 - A. they are costly for investors to use.
 - B. the reasoning behind their recommendations can be unclear.
 - C. they tend to produce overly aggressive investment recommendations.
4. Which of the following statements about distributed ledger technology is *most accurate*?
 - A. A disadvantage of blockchain is that past records are vulnerable to manipulation.
 - B. Tokenization can potentially streamline transactions involving high-value physical assets.
 - C. Only parties who trust each other should carry out transactions on a permissionless network.