

## **Week 1: Introduction**

BMA:

- 1-1: Corporate investment and financing decisions

BKM:

- 1.1: Real assets vs financial assets
- 1.2: Financial assets
- 1.3: Financial markets and the economy
- 1.5: Markets are competitive
- 1.6: The players

## **Week 2: Market Prices and Present Value**

BMA:

- 2-1: Future values and present values
- 3-5: Real and nominal rates of interest

## **Week 3: Discounting and Compounding**

BMA:

- 2-2: Looking for shortcuts – perpetuities and annuities
- 2-3: More shortcuts – growing perpetuities and annuities
- 2-4: How interest is paid and quoted

## **Week 4: Fixed Income Securities**

BMA:

- 3-1: Using the present value formula to value bonds
- 3-2: How bond prices vary with interest rates
- 3-3: The term structure of interest rates
- 3-4: Explaining the term structure

BKM:

- 16.1: Interest rate risk
- 16.2: Convexity

## **Week 5: Stock Valuation**

BMA:

- 4-2: How common stocks are valued
- 4-3: Estimating the cost of equity capital
- 4-4: The link between stock price and earnings per share
- 4-5: Valuing a business by discounted cash flow

## **Week 6: Risk and Return**

BMA:

- 7-1: Capital markets history
- 7-2: Diversification and portfolio risk
- 7-3: Calculating portfolio risk

BKM:

- 6.1: Risk and risk aversion
- Chapter 6, Appendix A: Expected utility

## **Week 7: APT**

BKM:

- 10.1: Multifactor models: A preview
- 10.2: Arbitrage pricing theory
- 10.4: A multifactor APT
- 10.5: The Fama-French three-factor model

## **Week 8: Market Efficiency**

BKM:

- 11.1: Random walk and efficient markets
- 11.2: Implications of the EMH
- 11.3: Event studies
- 11.4: Are markets efficient?

## **Week 9: Introduction to Corporate Finance**

BMA:

- 1-2: The financial goal of a corporation

## **Week 10: Capital Budgeting I**

BMA:

- 5-1: A review of the basics
- 5-2: Payback
- 5-3: Internal Rate of Return
- 5-4: Choosing capital investments when resources are limited
- 6-1: Applying the NPV rule