

MITx MicroMasters in Finance

15.415.2x: Supplementary Reading List

Week 11: Forwards and Futures

BKM:

- 15.2: Forward interest rates
- 15.6: Forward rates as forward contracts
- 22.1, 22.2, 22.4, 22.5, 23.5: Futures contracts
- 23.1: Forex markets
- 23.4: Swaps

Week 12: Options, Part I

BKM:

- 20.1, 20.2, 20.3: Option contracts
- 20.4: Put-call parity
- 21.1, 21.2: Introduction to option valuation
- 21.3: Binomial option pricing

Week 13: Options, Part II

BKM:

- 21.4: Black-Scholes-Merton formula, Implied volatility
- 21.5: Using the BSM formula
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Week 14: Portfolio Theory

BKM:

- 6.1: Mean-variance preferences
- 7.2: Portfolios of two risky assets
- 7.3, 7.4: Portfolio optimization

Week 15: CAPM

BKM:

- 9.1: CAPM
- 13.1: Empirical test of the CAPM
- 13.3: Size and value/growth portfolios

Week 16: Capital Budgeting, Part II

BMA:

- 9-1, 9-2: Project cost of capital and asset beta
- 10-4: Real Options and Decision Trees
- 22-1: Expansion/growth options

Week 17: Financing, Part I

BMA:

- 17-1, 17-2: Modigliani-Miller theorem, financial vs business risk
- 17-4 (also 9-1, 9-2 from Week 16): WACC

Week 18: Financing, Part II

BMA:

- 18-1, 18-2: Corporate and personal taxes
- 18-3: Costs of financial distress

Week 19: Investment and Financing

BMA:

- 19-1, 19-2: Valuation with leverage
- 19-3: WACC method
- 19-4: APV method

Week 20: Payout Policy & Risk Management

BMA:

- 16-1: Payout policy
- 16-2, 16-3: Dividends and share repurchases
- 26-1: Why manage risks?
- 26-2, 26-3, 26-4: Risk management with derivative securities
- 26-6: Hedging interest rate risk

BKM:

- 16.3: Duration-based approach to interest rate risk management