



Module 2

Alternative Approaches to Valuation and Investment

Introduction

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Key issues in valuation and investment

**Defining and
Measuring Risk**



**Linking Risk with
Expected Return**



**Real Options
Analysis**



**Using Financial
Information to Estimate
Cost of Capital**



Module summary

1. Unsystematic vs systematic risk



2. Capital Asset Pricing Model



3. Empirical evidence of the CAPM



4. Multifactor models and evidence from the field