Outline of Portfolio Analysis and the CAPM (Revised)

Schedule

3/16  Expected Returns and Risk
      RWJ 9, 10.1  H01, H02

3/18  Portfolio Allocation with Two Risky Assets
      RWJ: 10.2, 10.3  H03*, H04, H05*

3/23  Portfolio Allocation with Multiple Risky Assets
      RWJ: 10.5, 10.6  H06

3/25  Portfolio Allocation with a Riskless Asset and Multiple Risky Assets
      RWJ: 10.7  H07

3/30  Capital Asset Pricing Model
      RWJ 9.4 (review), 10.8, 10.9  H08, H09*

Note: * indicates optional reading

Guide to Handouts:

H01  –  Geometric Average vs. Arithmetic Average
H02  –  Numerical Examples of Mean, Standard Deviation, and Correlation
H03  –  Proof of Mean-Variance Formulas (optional)
H04  –  Gains from Diversification
H05  –  News clippings on diversification (optional)
H06  –  Portfolio variance with many risky assets
H07  –  Optimal portfolios when there is a riskless asset
H08  –  Understanding the CAPM
H09  –  News clippings on beta (optional)

All handouts (except news clippings) will be available on the class website.