**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.