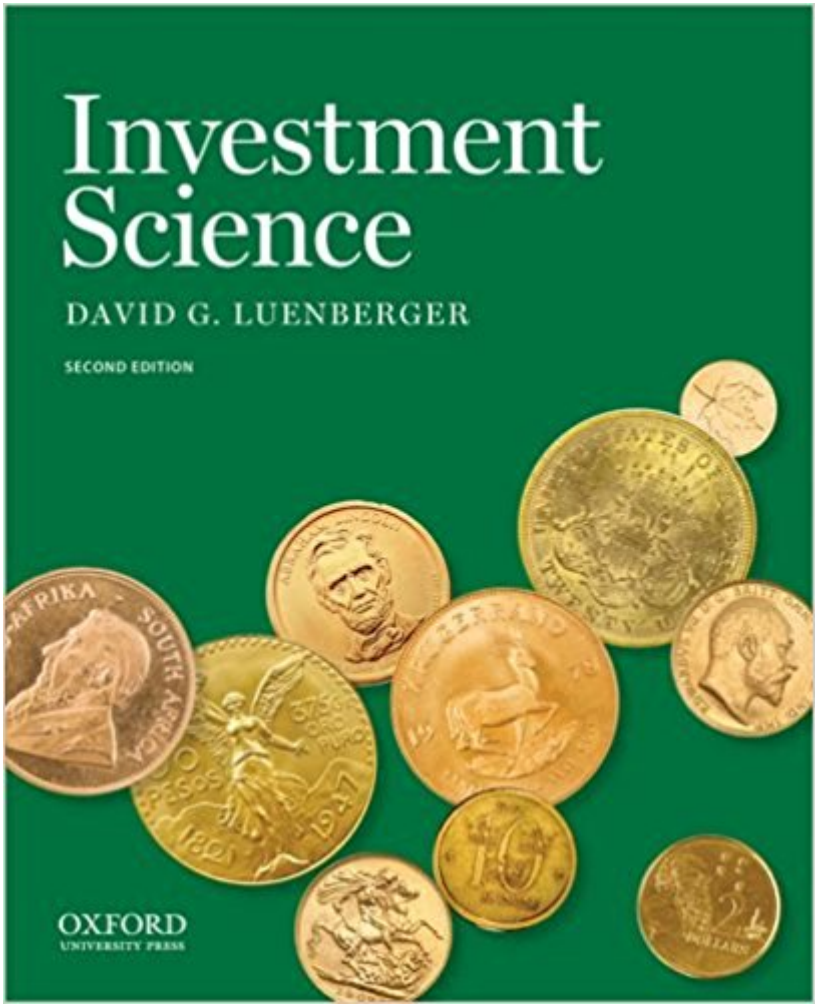
Investment Science



Synopsis

Investment Science, Second Edition, provides thorough and highly accessible mathematical coverage of the fundamental topics of intermediate investments, including fixed-income securities, capital asset pricing theory, derivatives, and innovations in optimal portfolio growth and valuation of multi-period risky investments.Eminent scholar and teacher David G. Luenberger, known for his ability to make complex ideas simple, presents essential ideas of investments and their applications, offering students the most comprehensive treatment of the subject available.

Book Information

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Customer Reviews

David G. Luenberger is Professor of Management Science and Engineering at Stanford University.

Professor Luenberger is well known for his contributions in Automatic Control and Optimization. This is an outstanding book for understanding modern quantitative approaches to finance if you are an Engineer or have adequate mathematical training. The material is logically presented, and the significance of the results are explained. A companion book I recommend is "Financial Modeling" by Simon Benninga (2008).

I would describe this book as a more mathematically oriented version of Bodie, Kane, and Marcus' Investments that's more geared toward math majors/scientists/engineers than MBAs, but covers more or less the same material as well as some more advanced material. I feel that sometimes the presentation in some instances focuses too much on the nitty gritty of computation and not enough

on the theory (for example, the book talks about the term structure of interest rates and mentions the liquidity theory that investors prefer bonds with shorter maturities, but in my opinion doesn't clearly explain why this means that forward rates should overestimate expected future spot rates). Nonetheless, so far I've liked the book and prefer it to Bodie, Kane, and Marcus' Investments as someone who likes math. I won't give it 5 stars due to 1) the high price and 2) it sometimes not explaining clearly enough economic/financial theory as well as its failure in several cases to mention real world implications/applications (e.g. the book doesn't mention the lack of empirical evidence in support of CAPM), issues which I think might be better covered in some cases in Bodie, Kane, and Marcus' Investments. Overall, I like it.

well organized, but with typo and grammar mistakes

This rating is being written by an individual with a BS in Mathematics and an MS in Applied Mathematics, so that you know it has a degree of cogency:I think that this is one of the worst textbooks I have read to date. Despite the author being a professor at Stanford with degrees from Caltech and Stanford, his textbook is written horribly. What I do NOT have is a thorough background in Finance, so I expected this introductory book on Investment Theory/Science to fill that void with the fundamentals (as promised in the Preface). While I did learn quite a bit about finance and investment theory, there are so many grey areas which can only be filled by using supplementary (better) texts that fill in the huge number of blanks Luenberger left in many of his lessons. Because he's an Engineer, I think it's safe to assume that he (as many engineers, statisticians, and applied mathematicians do) feels inferior to pure mathematicians and, probably unconsciously, makes his lessons more brief and terse to give the illusion of a more difficult topic - in reality, it's a very easy concept and the math is equally as simple, though the author uses brevity to overcomplicate the topic.Luenberger does an incredible job of leaving significant holes in his lessons. In addition to this, many of his examples contain seemingly obvious errors.I have no doubt that he is an intelligent man and an expert in the field of Investment Science, but I confidently claim that he is a terrible educator and author. This is a book of scratch work, not an intro book for a beginner in the field of finance.

A lot of typos and incorrect mathematical proofs, causing so much confusing.

While the book is a fine introductory guide, it was nothing I wasn't already getting in my lectures. Overall I'd say it's not worth the price unless you're self-teaching, or are required to purchase it for

the exercises. But then, that's true of nearly all university-level textbooks.

I don't understand how garbage like this gets chosen for university classes. Maybe it's to force students to rely on the professor. Anyhow, other than the typos, the examples are as bad as they get. For instance, in chapter 16, the author barely mentions the formulas used for the excel files. I had to play around with sample calculations until I finally figured it out. You will waste HOURS of your life trying to use this for self study. By the way, I passed exams P and FM on my first try, before I even had the class that used this book.

Excellent