



## LIST OF CHANGES

# Investments

13th Edition

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- The latest content updates have been incorporated, including topics like recent controversies about stakeholder capitalism and ESG investing. It also further expands its treatment of Fintech, cryptocurrencies, and other digital assets.
- Updates have been made to the coverage of interest rates, including the transition away from the LIBOR rate to newer rates such as SOFR and coverage on the market segmentation theory of term structure of interest rates.
- Chapter 26 has been renamed Alternative Assets, to broaden its scope beyond the previous focus on Hedge Funds. It includes substantial coverage of private equity, including angel investing, venture capital, and leveraged buyouts.
- The material on behavioral finance now includes confirmation bias. The section on technical analysis includes a new discussion of machine learning.
- The discussion of the macroeconomy in Chapter 17 has been updated to include lessons learned during the COVID pandemic, particularly the implications of supply side and supply chain issues for inflation.
- Expanded coverage has been included on multifactor models, efficient markets, SPACs, and order internalization.
- New and updated assignment types such as Application Based Activities, Integrated Excel and Tableau Dashboard Activities have been added in Connect to move students from remembering and understanding concepts to analyzing, critical thinking, and problem solving. These new assignment types provide students the ability to practice skills essential for careers in Finance.

## Take your students higher.

McGraw Hill Connect® is a complete course platform. It helps you deliver cohesive learning experiences through structured content and interactivity. When students engage with Connect, their individual needs become clear. This enables you to assign coursework, aligned to the levels of Bloom's Taxonomy, that keeps your students moving forward on their unique learning path from foundational cognitive skills to higher-order thinking and application. The chart below shows how each asset type aligns to Bloom's Taxonomy.

LOWER  HIGHER

| ASSET  | DESCRIPTION  | REMEMBER | UNDERSTAND | APPLY | ANALYZE | EVALUATE | CREATE |
|--|--|----------|------------|-------|---------|----------|--------|
| SmartBook 2.0  | SmartBook 2.0 is an adaptive learning solution that provides personalized learning to individual student needs, continually adapts to pinpoint knowledge gaps, and focuses learning on concepts requiring additional study. It fosters more productive learning, takes the guesswork out of what to study, and helps students better prepare for class. Our adaptive experience is more personal, accessible, productive, and mobile.                | ✓        | ✓          |       |         |          |        |
| Finance Prep Course  | Prep Courses in Connect cover the basic concepts in Math, Statistics, Accounting, Excel, and Economics and are comprised of animated tutorial modules with quiz questions. NEW to the list is CALCULATOR. Instructors can assign it as homework or include it for optional practice. Prep Courses provide a level playing field, give instructors more time in class to cover personal finance topics, and ensure that students are not left behind. | ✓        | ✓          | ✓     | ✓       |          |        |
| <b>NEW</b><br>Connect Kaplan CFA Questions                 | McGraw Hill has partnered with Kaplan Schweser to provide hundreds of additional sample CFA questions for the CFA exams. These questions represent the kinds of questions that professionals in the field believe are relevant to the "real world." Located in Connect, this bank of assignable questions is sorted by topic and level.  | ✓        | ✓          | ✓     | ✓       | ✓        |        |
| <b>NEW</b><br>Integrated Excel: A Live Seamless Experience | Integrated Excel is fully integrated into Connect, auto-grading for both correctness and formulas. Integrated Excel provides seamless real Excel access paired with all the Connect platform's auto-grading and Check My Work power.   | ✓        | ✓          | ✓     | ✓       | ✓        |        |
| End-of-Chapter Problems                                    | Our assignable, gradable end-of -chapter content helps students learn to solve problems and apply the concepts in finance. Algorithmic versions allow students to practice problems as many times as they need to ensure that they fully understand each problem.  | ✓        | ✓          | ✓     | ✓       | ✓        |        |

## Connect Platform-Wide Updates

- **NEW!** Updated instructor experience provides a simplified dashboard, quicker and easier access to information you need with fewer clicks. Newly optimized for mobile usage and with accessibility enhancements, pages are now screen-reader compatible, key board navigable, and allow for up to 400% magnification.
- **NEW!** Co-instructor privileges are now available. Instructors can easily add instructors to any section.
- **NEW!** Writing Assignment has the option to assign a peer review, including the ability to set the number of peer reviews, automatic assigning after the draft due date, and anonymous peer commenting.
- **NEW!** Increased maximum points to 2,000 points for an individual question or assignment.
- **NEW!** Streamlined integration with your Learning Management System (LMS). The new LTI Advantage integration allows for easier section pairing, automatic account creation for new users, improved visibility into grade sync features, automatic relinking, and better security.
- **NEW!** Polling Tool is now available as a resource in Connect.
- More mobility. Free download the ReadAnywhere® App and Connect tablet app allows students full access to their Connect course to complete assignments, read their eBook, and check grades—just like they would on a laptop browser.
- Accessibility enhancements ensure new content and technology follows the WCAG version 2.1 AA guidelines and best practices. Some examples of enhancements include a compliant click-and-drag question type in the Question Bank, alt descriptions added to eBook for screen reader users, increased accessibility to presentation PowerPoints, and read-aloud functionality in SmartBook 2.0. For further information regarding McGraw Hill accessibility, please contact us at [accessibility@mheducation.com](mailto:accessibility@mheducation.com).
- World-class reliability with 99.9% platform uptime.
- Option for students to purchase a loose-leaf version of the text at a significant discount with free shipping.
- Partnership with the Online Learning Consortium (OLC) provides an even higher level of expertise and support when transitioning your course.



# Chapter-by-Chapter Changes

## Chapter 1: The Investment Environment

- The chapter addresses recent controversies about stakeholder capitalism and ESG investing. It also further expands its treatment of Fintech, cryptocurrencies, and other digital assets.

## Chapter 2: Asset Classes and Financial Instruments

- The chapter addresses changes in markets, most notably the replacement of LIBOR with new rates such as SOFR.

## Chapter 3: How Securities Are Traded

- New sections on SPACs, order internalization and the GameStop squeeze have been added to the chapter.

## Chapter 5: Risk, Return, and the Historical Record

- In addition to thorough updating, this chapter has been extensively reorganized to improve flow and understanding.

## Chapter 10: Arbitrage Pricing Theory and Multifactor Models of Risk and Return

- The discussion of multifactor models has been updated and expanded, with a focus on the adoption of new variants such as the Fama-French Five-factor model.

## Chapter 11: The Efficient Market Hypothesis

- The debate on efficient markets has been further developed. The chapter now includes a discussion of Shiller's fads hypothesis, as well as new material on extra-market risk factors, and a discussion of the challenges posed by data snooping for the interpretation of empirical evidence on risk and return.

## Chapter 12: Behavioral Finance and Technical Analysis

- The material on behavioral finance now includes confirmation bias. The section on technical analysis includes a new discussion of machine learning.

## Chapter 13: Empirical Evidence on Security Returns

- This chapter has been extensively rewritten. Older material has been replaced with treatments of issues such as the so-called factor zoo, appropriate criteria for accepting a new risk factor, and the implications of disaster risk for the equity risk premium.

## Chapter 15: The Term Structure of Interest Rates

- Market segmentation is now included as another potential explanation of the term structure.

## Chapter 17: Macroeconomic and Industry Analysis

- The discussion of macroeconomy has been updated to include lessons learned during the COVID pandemic, particularly the implications of the supply side and supply chain issues for inflation.

## Chapter 23: Futures, Swaps, and Risk Management

- The treatment of interest rate swaps has been updated to account for the transition away from the LIBOR rate.

## Chapter 26: Alternative Assets

- This chapter, originally entitled Hedge Funds, now has a wider focus on Alternative Assets. It includes substantial coverage of private equity, including angel investing, venture capital, and leveraged buyouts.

## Chapter 28: Investment Policy and the Framework of the CFA Institute

- This chapter has been substantially reorganized, in particular, its treatment of tax sheltering and top-down asset allocation.

