



APPLIES TO ACADEMIC YEAR
2002/2003

GRA 6534 Investments

Program

Master of Business and Economics Program, Master of Science in Business Administration (MScBA), Master of Science (Financial Economics), Specialization Course

Responsible for the course

Dag Michalsen

Department

Financial Economics

Term

Fall, Spring

ECTS Credits

6

Objective

Provide students with a fundamental understanding of the investment process. Review the different financial assets available to the portfolio manager, the markets in which they trade, their risk return characteristics and how they are priced. Discusses the basic techniques of portfolio management, risk control and performance evaluation. Briefly introduces the international dimension of the investment process.

Prerequisites

Theory of Finance

Compulsory literature

Bodie, Zvi, Alex Kane and Alan J. Marcus. 2002. *Investments*. 5th ed. Boston: McGraw-Hill. + readings

Recommended literature

Course outline

The course will be organized as follows:

- Asset classes: markets, pricing and historical record
 - Equity: pricing, markets and historical record
 - Fixed Income Securities: pricing, markets and historical record
 - Alternative investments: real estate, commodities, venture, etc
- The portfolio management process
 - Mean-Variance theory and the asset allocation decision
 - Security selection and portfolio formation
 - Efficient markets and portfolio management
 - Active portfolio management strategies
- Controlling portfolio risk:
 - Optimal portfolio rebalancing
 - International portfolios and the impact of currency risk
 - Fixed income portfolio risk control
 - Portfolio insurance and other techniques
- Measuring portfolio performance

Computer-based tools

Students are encouraged to use computer models in this course.

Course structure

The instruction over 36 lecture hours consists primarily of presentations and discussions of the readings assigned

to the topics listed above. Students are expected to have read the material before each class meeting.

Evaluation

25% Cases/projects; 75% final exam (three hours).

Evaluation code(s)

GRA65341 25% Cases/projects

GRA 65342 75% final exam (three hours)

Aids at the examination

Interest tables (distributed during the exam) and calculator are permitted during the exam.

Makeup exam

At the next ordinary exam.