



APPLIES TO ACADEMIC YEAR 2003/2004

GRA 6534 Investments

Program

N/A

Responsible for the course

Dag Michalsen

Department

Financial Economics

Term

According to study plan

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

GRA6533 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

Your course grade will be based on the following activities and weights:

30 % class work (in the form of a mix of some/ all of the following: hand in of case write ups, projects, and homeworks; case presentations and class participation; in class midterm and quizzes). 70% 3 hour written final exam. Specific Information regarding any aspect of student evaluation will be provided in class. It is the student's responsibility to obtain this information. Please note that whilst attendance is not compulsory, it is the students responsibility to obtain any information provided in class that is not included on the course homepage/Blackboard or text book. Homepages and/or Blackboard are not designed for the purpose of students who choose not to attend class.

Evaluation code(s)

GRA 65343 accounts for 100 % of the final grade in the course GRA6534.

Aids at the examination

Interest tables and financial calculator are permitted during the exam.

Makeup exam

At the next ordinary exam.