



APPLIES TO ACADEMIC YEAR 2006/2007

BØK 2610 Financial Investments

Program

Bachelor in Finance (3. year)

Responsible for the course

Knut Sagmo

Department

Financial Economics

Term

According to study plan

ECTS Credits

15

Objective

Comprehension of the basic principles underlying modern portfolio theory. Important topics are minimum-variance portfolio theory, market efficiency, and proactive use of financial derivatives in risk management. Each topic is firmly founded in economic theory allowing students to develop practical skills and applications.

Prerequisites

Basic courses in investments theory.

Compulsory literature

Books:

Bodie, Zvi, Alex Kane, and Alan J. Marcus. 2006. *Essentials of investments*. 6th. ed. Boston: McGraw-Hill/Irwin

Recommended literature

Books:

Ross, Stephen A., Randolph Westerfield og Jeffrey Jaffe. 2006. *Corporate finance*. 7. utgave. Boston : McGraw-Hill/Irwin. Chapters 9 - 12, 22-25

Course outline

Chapter references to Bodie et al (BKM); *Essentials of Investments*, 5. edition:

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|-----------------------------|-------------|
| 1. The Financial Market | chap. 1-4 |
| 2. Portfolio theory | chap. 5-6 |
| 3. Asset pricing models | chap. 7-8 |
| 4. Market efficiency | chap. 8 |
| 5. Fixed-Income instruments | chap. 9-10 |
| 6. Security analysis | chap. 11-12 |
| 7. Derivatives | chap. 14-16 |
| 8. Investments strategies | chap. 19-20 |

Computer-based tools

Excel and Maple. Computer tools are not permitted during examinations.

Course structure

The lecture series consists of 54 classroom-hours over 14 weeks during the fall semester. Discussion and solving of exercise problems, in addition to statistical analysis of market data from the Oslo Stock Exchange, are important parts of the course. Students are required to write a term-paper on a topic central to financial theory and portfolio analysis. Maximum three students are allowed to work together on the term-paper. A passing grade on the term-paper is required in order to receive the final grade for the course. A midterm-examination will be held halfway through the course and a final exam at the end of the semester. More information regarding the term-paper and the examinations will be provided first day of class.

Evaluation

Grade in course will be a result of Process evaluation and will be based on following activities:

Part 1 - Mid-term exam - Three hour individual individual examination. Count 25% of the final grade.

Part 2 - Termpaper - About 25 pages. (Attachments can be added). Count 30% of the final grade.

Midterm exam is held in class. Both mid-term exam and termpaper must be passed in order to sit for the final exam concluding the course.

Part 3 - Final exam - Three hour individual written examination. Count 45% of the final grade. (Arranged by lecturer at the end of term).

Notice: The midterm exam may be given during evening hours.

Evaluation code(s)

BØK 26101 - Process evaluation, counts 100% to obtain final grade in BØK 2610 Financial Investments, 15 ECTS credits.

Aids at the examination

Financial calculator and interest rate tables. Applies for midterm exams and final exam.

Makeup exam

A re-sit is held in at the next scheduled exam in the course. Students who are taking new exam must take the course all over including all parts of evaluation.