



APPLIES TO ACADEMIC YEAR 2007/2008

## GRA 6534 Investments

### Program

Master of Science in Business and Economics, Master of Science in Business and Economics (Finance), Master of Science in Financial Economics, Specialization Course

### Responsible for the course

Dag Michalsen

### Department

Financial Economics

### Term

According to study plan

### ECTS Credits

6

### Language of instruction

English

### 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

GRA 6540 Applied Finance or GRA 6533 Theory of Finance, or equivalent.

### Compulsory literature

#### Books:

Bodie, Zvi, Alex Kane and Alan J. Marcus. 2008. Investments. 7th ed. Boston, Mass.: 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. Blackboard/homepage

### 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

Specific Information regarding any aspect of student evaluation will be provided in class. Please note that whilst attendance is not compulsory, it is the student's 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**

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.

Both parts of the evaluation need to be passed in order to get a grade in the course.

### **Evaluation code(s)**

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

### **Aids at the examination**

Interest tables, a advanced calculator, and a bilingual dictionary are permitted during the exam.

Support materials at written examinations are explained under exam information in our web-based student handbook. Please note use of calculator. <http://www.bi.no/studenthandbook>.

### **Makeup exam**

Re-takes are only possible at the next time a course will be held. When course evaluation consists of class participation or process elements, the whole course must me re-evaluated when a student wants to retake a exam. Retake examinations entail an extra examination fee.

### **Honor Code**

Academic honesty and trust are important to all of us as individuals, and represent values that are encouraged and promoted by the honor code system. This is a most significant university tradition. Students are responsible for familiarizing themselves with the ideals of the honor code system, to which the faculty are also deeply committed.

Any violation of the honor code will be dealt with in accordance with BI's procedures for cheating. These issues are a serious matter to everyone associated with the programs at BI and are at the heart of the honor code and academy integrity. If you have any questions about your responsibilities under the honor code, please ask.