



APPLIES TO ACADEMIC YEAR 2008/2009

## BØK 2610 Financial Investments

### Program

Bachelor in Finance (3. year)

### Responsible for the course

Knut Sagmo

### Department

### Term

According to study plan

### ECTS Credits

15

### Language of instruction

Norwegian

### 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. Participants are also required to having obtained a passing grade in the courses BØK 2632 Financial Strategy, MET 2651 Econometrics, and MET 2600 Mathematical Analysis from the second year of the Bachelor Finance program.

### Compulsory literature

#### Books:

Bodie, Zvi , Alex Kane and Alan J. Marcus. 2008. Investments. 7th ed. Boston, Mass. : McGraw-Hill/Irwin

### Recommended literature

#### Books:

Bodie, Zvi , Alex Kane and Alan J. Marcus. 2008. Essentials of investments. 7th ed. Boston, Mass.: McGraw-Hill/Irwin. Chapters 9 - 12, 22-25

### Course outline

Chapter references to Bodie, Kane og Marcus (BKM); *Investments* , 7th. ed.:

The Financial Market	ch. 1-3
Portfolio theory and analysis	ch. 4-7
Asset pricing and market efficiency	ch. 6-11
Some Empirical Evidence	ch. 13
Fixed-Income securities	ch. 14-16
Options Market Strategies	ch. 20-21
Future Markets	ch. 22-23
Performance Evaluation	ch. 24
Active Portfolio Management	ch. 27

### 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 an individual term-paper on a topic central to financial theory and portfolio analysis. Presence at three tutoring seminars is mandatory. A passing grade on two midterm examinations the term-paper, and the final examination is required in order to receive a passing grade for the course. Two midterm-examinations will be held throughout 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 examination. Counts 10% of the final grade.

Part 2 - Mid-term exam - Three hour individual, comprehensive examination. Counts 20% of the final grade.

Part 3 - Termpaper - About 25 pages. (Attachments can be added). Counts 30% of the final grade.

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

Part 4 - Final exam - Three hour individual, comprehensive written examination. Counts 40% of the final grade. Arranged by the lecturer at the end of the term.

Notice: The midterm exams 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**

BI-approved exam calculator and interest rate tables. Applies for midterm exams and final exam.

Exam aids at written examinations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary.  
<http://www.bi.edu/studenthandbook/examaids>.

### **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.