



APPLIES TO ACADEMIC YEAR 2012/2013

EXC 3612 Investment Analysis

Programme

Bachelor in Business Administration (BBA) (3. year)

Responsible for the course

Dag Michalsen

Department

Department of Financial Economics

Term

According to study plan

ECTS Credits

7,5

Language of instruction

English

Introduction

This course intends to provide an understanding of the investment environment and process. The investment environment includes the kinds of marketable securities that exist and where and how they are bought and sold. The process is concerned with decision-making, how much to invest in each security and when to make these investments.

Learning outcome

Acquired knowledge

Upon completion of the course, students shall comprehend key concepts and the analytics of financial investment analysis such as (1) expected returns and idiosyncratic as well as portfolio risks; (2) to demonstrate risk-management skills by taking positions in financial options' contracts in order to hedge an underlying asset portfolio; and (3) to immunize a portfolio of fixed-income securities (bonds) against fluctuating interest rates.

Acquired skills

Upon completion of the course, students are required to master tasks such as;

- calculating estimates of expected return and risk from a series of past returns
- calculating required rates of return and risk based on various asset pricing models
- calculating duration in order to estimate the interest rate sensitivity of a fixed-income security and a portfolio of securities
- calculating prices of option contracts.

Reflection

Upon completion of the course, the students shall be able to ask critical questions and reflect on crucial assumptions and theories within the field of financial investments.

Prerequisites

EXC 2110 Basic Financial Management, EXC 3601 Financial Decision Making, EXC3610 Empirical Methods in Finance, or equivalent

Compulsory reading

Books:

Bodie, Zvi, Alex Kane and Alan J. Marcus.. 2010. Essentials of investments. 8th ed. McGraw-Hill/Irwin

Recommended reading

Course outline

- The Financial Markets
- Portfolio Management
- Market Efficiency
- Risk, Expected Return, and Performance Measurement
- Interest Rates and Bond Management
- The Pricing of Complex Securities
- Stock Valuation Models

Computer-based tools

Students are recommended to use computer-based tools, e.g. spreadsheets. Such tools, however, are not allowed at the examination.

Learning process and workload

The course will include a combination of lectures and plenary tutorials where solutions to exercises will be explained.

Specific Information regarding any aspect of performance assessment 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/It's learning or in the text book. Homepages and/or It's learning are not designed for the purpose of students who choose not to attend class.

The following is an indication of the time required:

Activity	Hours
Lectures	39
Plenary tutorials where exercises will be explained	6
Preparation for lectures and plenary tutorials	110
Preparation for the final exam	45
Total recommended use of time	200

Homepages and/or It's learning are not designed for the purpose of students who choose not to attend class.

Use of hours

39 hours - Lectures

6 hours - Plenary tutorials where exercises will be explained

45 hours total

Examination

The final grade in the course will be based on the following activities and weightings:

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.

Specific information regarding student evaluation beyond the information given in the course description will be provided in class. This information may be relevant for requirements for tempapers or other hand-ins, and/or where class participation can be one for several elements of the overall evaluation.

This is a course with continuous assessment (several exam elements) and one final exam code. Each exam element will be graded using points on a scale (e.g. 0-100). The elements will be weighted together according to the information in the course description in order to calculate the final letter grade for the course. You will find detailed information about the point system and the cut off points with reference to the letter grades on the course site in It's learning.

Examination code(s)

EXC 36121- Processevaluation, counts 100% towards the final grade in the course EXC 3612 Investment Analysis, 7.5 ECTS.

Examination support materials

A BI-approved exam calculator, TEXAS INSTRUMENTS BA II Plus™, and interest rate tables are allowed.

One bilingual dictionary may also be used at written examinations. Support materials permitted 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>

Re-sit examination

A re-sit is held in at the next scheduled exam in the course. Students who are taking a new

exam must take the course all over again including all parts of the evaluation.

Additional information