



APPLIES TO ACADEMIC YEAR 2013/2014

FIN 3610 Financial Investment Analysis

Programme

Bachelor of Finance (3. year), Exchange Program

Responsible for the course

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Department

Department of Financial Economics

Term

According to study plan

ECTS Credits

7,5

Language of instruction

English

Introduction

Professional management and safekeeping of public savings represent a line of business expected to face increasingly higher demands in the years ahead. This development has become all the more clear as more and more governments around the world have delegated to individual citizens the responsibility for looking after the accumulation of capital in their retirement and pension funds. Thus, for future captains of the financial services industry, the importance of understanding firm-specific (micro), as well as economy-wide (macro) determinants of investment returns and risk cannot be overstated.

Learning outcome

Acquired knowledge

Upon completion of the course, students are required to comprehend key concepts and the analytics of financial investment analysis such as

- expected returns and idiosyncratic as well as portfolio risks
- how to demonstrate proactive risk-management skills by assuming well-defined positions in financial forwards and futures contracts as well as options contracts in order to hedge an underlying asset portfolio; and
- how 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, risk, and skewness from a series of past returns
- calculating required rates of return and risk based on various capital asset pricing models
- calculating duration in order to estimate the interest rate sensitivity of a fixed-income security and a portfolio of securities
- calculating minimum-variance hedge-positions in stock-index futures and options contracts.

Reflection

Upon completion of the course, students are expected to demonstrate attitudes compatible with being delegated the responsibility for managing public savings. Such behaviour will eventually manifest itself as behaviour characterized by an uncompromising integrity vis-a-vis clients and supervisory authorities, strict focus on accuracy and records of transactions being executed on behalf of clients, as well as constant surveillance of the development of volatility spirals in financial markets.

Prerequisites

The following second year courses in the Bachelor of Finance program: Securities' Law, Corporate Finance and Mathematical Analysis. Or equivalent courses.

Compulsory reading

Books:

Bodie, Zvi, Alex Kane, Alan J. Marcus. 2012. Essentials of Investments. 9th ed. McGraw-Hill/Irwin. Latest edition of textbook is used.

Recommended reading

Books:

Hirschey, Mark and John Nofsinger. 2010. Investments : analysis and behavior. 2nd ed. McGraw-Hill/Irwin

Course outline

1. Overview of Financial Markets
2. Portfolio Theory
3. Capital Market Theory
4. Fixed-Income Securities
5. Futures and Options

Computer-based tools

Excel spreadsheets and basic statistical software.

Learning process and workload

The course consists of 36 lecture hours and 9 hours of in-class, instructor-guided problem solving. Students are recommended to allocate hours of studying as follows:

Recommended use of hours:

Activity	Hours
Attendance during lectures	36
In-class solving home assignments	9
Independent reading/ preparation for class	120
Mandatory three work assignments	9
Preparation for the final exam	26
Total	200

Coursework requirements (Mandatory)

During the course three work assignments are electronically distributed on Its learning. Answers to the assignment problems are to be submitted electronically, also. Two out of the three assignments must be approved in order to sit for the final examination. In addition, we'll be solving and discussing five home assignments in class. The examination takes place by the end of the lectures series. Further administrative details is provided in class.

Feedback on the assignment problems is provided in two ways:

1. It's learning sums up and automatically returns to students their overall score upon submission of the answers.
2. A review of the assignment problems is given during the first class meet following each assignment.

Use of hours

36 hours - Lectures

9 hours - In-class solving home assignments

45 hours total

Coursework requirements

In order to sit for the final exam, students must get a minimum of two out of three assignments approved. See Learning process and workload..

Examination

A five hour individual written exam concludes the course.

Examination code(s)

FIN 36101 Written examination counts 100% towards final grade in FIN 3610 Financial Investment Analysis (7,5 ECTS credits).

Examination support materials

BI-defined exam calculator TEXAS INSTRUMENTS BA Plus and interest rate tables.

For more information, please visit our web-based Student Handbook at <http://bi.edu/studenthandbook/examaids>

Re-sit examination

A re-sit is possible in connection with the next ordinary course. Students who has not got approved the mandatory work assignments are required to submit a new series of three work assignments during the next scheduled lectures series. Students failing the examination, or wishing to improve previous grades, may retake the examination on the next scheduled exam date conditional upon approval of the work assignments.

Additional information