



APPLIES TO ACADEMIC YEAR 2015/2016

## FIN 3523 Financial Investment Analysis

### Programme

Bachelor of Finance (2. year)

### Responsible for the course

Ilan Cooper

### 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. The course also focuses on the valuation of the different securities.

### Learning outcome

#### Acquired knowledge

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

- expected returns and idiosyncratic as well as portfolio risks;
- the concept of diversification;
- to demonstrate risk-management skills by taking positions in financial options' contracts in order to hedge an underlying asset portfolio; and
- 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
- applying modern portfolio theory for finding optimal investment portfolios
- calculating required rates of return and risk based on various asset pricing models
- calculating yields to maturity on bonds
- 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

BØK 3423 Finance or equivalent.

### Compulsory reading

#### Books:

Bodie, Zvi, Alex Kane, Alan J. Marcus. Investments. 10th global ed. McGraw-Hill Education

#### Other:

Lecture notes, cases, additional exercises and examples will be available on the course-website on itslearning.

### Recommended reading

#### Course outline

- Bond Valuation

- The Term Structure of Interest Rates
- Bond Portfolio Management
- Stock Valuation Models
- Risk and Expected Return
- Modern Portfolio Theory
- Equilibrium in Capital Markets
- Market Efficiency
- Performance Evaluation
- Strategic Asset Allocation
- Active Bond Portfolio Management

### 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 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 while 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/itslearning or in the text book. Homepages and/or itslearning 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	36
Tutorials where exercises will be explained	6
Preparation for lectures and tutorials	83
Preparation of home assignments	30
Preparation for the final exam	45
<b>Total recommended use of time</b>	<b>200</b>

### Use of hours

- 36 hours – Lectures
- 6 hours – Plenary tutorials
- 3 hours – Coordination of learning activities
- 45 hours total

### Examination

This is a course with continuous assessment (several exam components) and one final exam code. Each exam component is graded by using points on a scale from 0-100. The components will be weighted together according to the information below in order to calculate the final letter grade for the examination code (course). Students who fail to participate in one/some/all exam elements will get a lower grade or may fail the course.

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

- 30% class work in the form of a midterm (10%) and two homework assignments (10% each).
- 70% 3-hour written final exam.

You will find detailed information about the point system and the cut off points with reference to the letter grades on the course site on itslearning. 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 term papers or other hand-ins, and/or where class participation can be one for several elements of the overall evaluation.

**Examination code(s)**

FIN 35231 Process evaluation, counts 100% towards final grade in FIN 3523 Financial Investment Analysis, 7,5 ECTS.

**Examination support materials**

Interest tables and BI approved exam calculator. Examination support materials at written examinations are explained under examination information in the student portal @bi. Please note use of calculator and dictionary in the section on support materials ([https://at.bi.no/EN/Pages/Exa\\_Hjelpemidler-til-eksamen.aspx](https://at.bi.no/EN/Pages/Exa_Hjelpemidler-til-eksamen.aspx)).

**Re-sit examination**

Re-sit examination is offered at the next scheduled course.

At re-sit it will be required that the entire evaluation process is conducted again, and that students who do not achieve points in one or more exam components will get a lower grade or fail the course. Previously conducted examination components will not be part of the assessment for a new character.

**Additional information**