DEREE COLLEGE SYLLABUS FOR:

AF 4629 INVESTMENTS AND PORTFOLIO MANAGEMENT – LEVEL 6
(Optional)

(Updated Spring 2010)

UK CREDITS: 15

PREREQUISITES:
AF 2006 Financial Accounting
AF 3005 Principles of Finance
AF 2020 Mathematics of Finance
FN 3113 Corporate Finance
MA 1108 College Algebra
MA 2010 Statistics I

CATALOG DESCRIPTION:
Portfolio theory and asset pricing models; the process of portfolio management; establishing objectives; industry and company analysis; constructing and managing a portfolio; measuring and evaluating portfolio performance.

RATIONALE:
As future financial managers or financial consultants, business students must know how financial markets price capital assets. This knowledge is crucial for all market participants. Individuals and portfolio managers should have the ability to handle efficiently the tools needed to select assets, manage risk and construct optimal portfolios. This course enhances the student’s capacity for a career in investments and is recommended to be taken by students majoring in Finance.

LEARNING OUTCOMES:
As a result of taking this course, the student should be able to:
1. Learn to compute historical and expected returns, as well as risk measures and comprehend the importance of the risk-return relationship.
2. Define the objectives in constructing and managing a portfolio and learn to create an investment policy statement.
3. Learn how the financial markets operate, how she can invest in different security types matching her client’s portfolio objectives and constraint.
4. Understand the principles of modern portfolio theory and the effect of diversification on investment portfolios.
5. Measure and evaluate portfolio performance and understand the
key features of futures and options and how they can be used to manage the risk of the portfolio.

METHOD OF TEACHING AND LEARNING:

In congruence with the teaching and learning strategy of the college, the following tools are used:

- Class lectures, interactive learning (class discussions, group work) and practical problems solved in class.
- Homework assignments: Students produce a weekly market performance report which tracks stock, bond and commodity indices. Students have to comment on recent market trends and learn to assess their effects on the economy in a macro and micro level.
- Project: Throughout the semester students practice on a trading simulation which includes several asset classes. At the end of the semester students present the portfolio they have constructed based on the risk-return profile of a hypothetical client. The students work in groups of 2-3.
- Office hours: students are encouraged to make full use of the office hours of their instructor, where they can ask questions, see their exam paper, and/or go over lecture material.
- Use of Blackboard learning platform, where instructors post lecture notes, assignment instructions, timely announcements, as well as additional resources.

ASSESSMENT:

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<th>Summative:</th>
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<tbody>
<tr>
<td>Project</td>
<td>40</td>
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<td>Final Examination (2-hour comprehensive)</td>
<td>60</td>
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<table>
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<th>Formative:</th>
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<tr>
<td>Exercises / Coursework</td>
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<tr>
<td>Case Studies</td>
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The formative “Exercises/Coursework” aims to prepare students for the examination by learning to solve numerical problems as well as learn to apply finance concepts with the help of spreadsheet software and web based sources.

Case studies are presented and discussed in class so that students get a real-world aspect of the topics presented during lectures.

The Project tests Learning Outcomes 1 - 5
The Final Examination tests Learning Outcomes 1-5
RECOMMENDED READING:

Textbooks


Articles

Journal of Portfolio Management


Financial Analysts Journal


Ibbotson Associates, Stocks, Bonds, Bills and Inflation, annual
Financial Times , Wall Street Journal, Fortune Magazine
(Will be selected and shared with students according to the
material covered in class)

COMMUNICATION REQUIREMENTS:

Statistical analysis of stock market data using Excel or other statistical software and submission of a report prepared in Excel and/or Word.
Individual presentation and results and key figures using Word, PowerPoint.
Exams and papers using professional English

SOFTWARE REQUIREMENTS:

Regular access to Internet and Working email address
Excel, Word and PowerPoint
Web tools to monitor market news (RSS feeders – Google Reader) and sharing docs online (e.g. Google Docs, Dropbox)

WWW RESOURCES:

Financial Times: www.ft.com
Bloomberg: www.bloomberg.com
Euroland: www.euroland.com
Economist: www.economist.com
Athens Stock Exchange: www.ase.gr
CNBC: www.cnbc.com
Morningstar: www.morningstar.com

INDICATIVE CONTENT:

1. Investment Basics
2. Asset Classes – Market Indexes
3. Trading Securities - Market Mechanics
4. Mutual Funds - Exchange Traded Funds(ETFs)
5. Risk-Return Basics
6. Asset Allocation Basics
7. Asset Allocation - Investment Policy Statement
8. Intro to Portfolio Management
9. Asset Pricing Models – Single Index Model
10. The Capital Asset Pricing Model (CAPM)
11. Multi-factor Models - Efficient Market Hypothesis
12. Behavioral Finance and Technical Analysis
13. Macroeconomic & Industry Analysis
14. Equity Valuation
15. Financial Statements Analysis
16. Bond Prices and Yields - Introduction
17. Credit Risk, CDOs
18. Option Markets – Introduction
19. Stock Index Futures – Arbitrage, Hedging
20. Portfolio Performance Evaluation
21. Hedge Funds
### USEFUL LINKS:

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<tr>
<th>QR CODE</th>
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<tr>
<td>![QR Code](QR Code URL)</td>
<td>My Personal Site <a href="http://www.leimonis.com">http://www.leimonis.com</a></td>
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<tr>
<td>![QR Code](QR Code URL)</td>
<td>Student Forum <a href="http://cme.leimonis.com/forum/">http://cme.leimonis.com/forum/</a></td>
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<tr>
<td>![QR Code](QR Code URL)</td>
<td>5-year CDS spreads <a href="http://bit.ly/CDS5yrs">http://bit.ly/CDS5yrs</a> (Greece, Spain, Portugal, Argentina, Italy, Ireland, Turkey, Germany)</td>
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