

(Spring 2016)

**UK LEVEL 6**  
**UK CREDITS: 15**

**PREREQUISITES:**

FN 2028 Financial Mathematics **or** FN 3005 Foundations of Corporate Finance  
FN 3032 Foundations of Investment  
FN 3113 Corporate Finance

**CATALOG DESCRIPTION:**

This module provides a practical, hands-on experience in investment management and on the application of advanced trading strategies through a semester-long portfolio project

**RATIONALE:**

The course builds on the classic investment theory with an emphasis on establishing appropriate investment objectives, measuring and managing investment risk and return.  
The course prepares future portfolio managers to handle efficiently the tools needed for selecting assets, managing risk and constructing optimal portfolios.

**LEARNING OUTCOMES:**

- As a result of taking this course, the student will be able to:
1. Demonstrate knowledge and critical understanding of the merits of the application of portfolio theory in traditional and alternative asset classes
  2. Discuss the role and the purpose of single and multifactor models and how these can be used to forecast return and risk of investment portfolios
  3. Construct and manage a portfolio of securities, create an investment policy statement matching a client's portfolio objectives and constraints.
  4. Measure and evaluate portfolio performance and understand the key features of futures and options and how these 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:
- In class interactive discussion using cases and spreadsheet applications with the aim of enhancing students' analytical and critical capabilities as well as their communication skills.
  - Through a hands-on portfolio management project: students gain experience in financial writing and oral presentations thus advancing financial decisions in a group setting. Students will have to develop an investment strategy, screen and review prospective securities and update the status and performance of existing positions.
  - Group discussion - students are divided into groups to finish case projects and short research activities that involve the use of web search or the use of financial data bases
  - Educational Field trips to trading venues, dealing rooms etc
  - Office hours: students are encouraged to make full use of the office hours of their instructor.
  - Use of blackboard.

**ASSESSMENT:**

<b>Summative:</b>	
1 <sup>st</sup> Assessment: Written Examination (One Hour, closed-book)	<b>30%</b>
2 <sup>nd</sup> Assessment Project- Portfolio Management (2,600-3000 words) Individual component 70% (2,000-2,400 words) Group component 20% (600-1,000 words) Presentation component 10%	<b>70%</b>
<b>Formative:</b>	
Two Quizzes	<b>0%</b>
One written assessment	<b>0%</b>

	<p>The formative “quizzes and written assessment” aim to prepare students for the first written examination.</p> <p>The 1<sup>st</sup> Assessment tests Learning Outcomes 1, 2</p> <p>The 2<sup>nd</sup> Assessment tests Learning Outcomes 1, 3 &amp; 4</p>
<b>INDICATIVE READING:</b>	<p><b>REQUIRED READING:</b></p> <p>Customised Textbook based on the following textbooks:</p> <ul style="list-style-type: none"> <li>▪ Bodie, Z. Kane, A. and Marcus, A. (2014). <i>Investments</i>. McGraw-Hill. 10<sup>th</sup>, ed.</li> <li>▪ <del>Chincarini, L. B. Kim, D. (2007). <i>Quantitative Equity Portfolio Management: An Active Approach to Portfolio Construction and Management</i>. McGraw Hill</del></li> <li>▪ <del>Jordan, B. D. Miller, T. and Dolvin, S. D. (2015). <i>Fundamentals of Investments: Valuation and Management</i>. McGraw Hill, 7th ed.</del></li> </ul> <p><b>RECOMMENDED READING:</b></p> <ul style="list-style-type: none"> <li>▪ Brinson, G. P. Hood, L. R. and Beebower, G. L. (1986). Determinants of portfolio performance. <i>Financial Analysts Journal</i>, Vol., 42 (4).</li> <li>▪ Gruber, E. Goetzmann, B. (2014). <i>Modern Portfolio Theory and Investment Analysis</i>. Wiley, 9th ed.</li> <li>▪ Ibbotson, R. (2010). The Importance of Asset Allocation”, <i>Financial Analysts Journal</i>, Vol. 66, (2).</li> <li>▪ Malkiel, B. G. (2012). <i>A Random Walk Down Wall Street</i>. W. W. Norton &amp; Company, Inc., 10th Edition,</li> </ul> <p>Other library sources, including journal articles accessed through the library databases are recommended by the instructor throughout the semester.</p>
<b>INDICATIVE MATERIAL:</b> (e.g. audiovisual, digital material, etc.)	N/A
<b>COMMUNICATION REQUIREMENTS:</b>	<p>Use of Blackboard CMS.</p> <p>Use of word processing, Excel and presentation software for documentation of assignments.</p>
<b>SOFTWARE REQUIREMENTS:</b>	Ms Excel, Ms Word, Ms PowerPoint, web simulated trading platform
<b>WWW RESOURCES:</b>	<ul style="list-style-type: none"> <li>○ www.bloomberg.com</li> <li>○ www.wsj.com</li> <li>○ www.finance-yahoo.com</li> <li>○ www.ft.com</li> <li>○ www.effectiveinventory.com</li> <li>○ www.studyfinance.com</li> <li>○ www.teachmefinance.com</li> <li>○ www.investing.com</li> <li>○ www.finviz.com</li> </ul>
<b>INDICATIVE CONTENT:</b>	<ul style="list-style-type: none"> <li>• Financial Market Mechanics,</li> <li>• Portfolio Theory,</li> <li>• Active Portfolio Management,</li> <li>• Portfolio Management Process,</li> <li>• Bond Portfolio Management,</li> <li>• Portfolio Performance and Evaluation,</li> <li>• Performance Attribution,</li> <li>• Futures,</li> <li>• Forwards,</li> <li>• Options.</li> </ul>