

Investment Analysis (F000716)

Course size (nominal values; actual values may depend on programme)

Credits 6.0 Study time 180 h Contact hrs 45.0 h

Course offerings and teaching methods in academic year 2018-2019

A (semester 1)	English	group work	15.0 h
		lecture	30.0 h

Lecturers in academic year 2018-2019

Frömmel, Michael	EB21	lecturer-in-charge
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Offered in the following programmes in 2018-2019

	crdts	offering
Master of Science in Business Economics (main subject Accountancy)	6	A
Master of Science in Business Economics (main subject Corporate Finance)	6	A
Master of Science in Business Engineering (main subject Data Analytics)	6	A
Master of Science in Business Engineering (main subject Finance)	6	A
Master of Science in Business Economics (main subject Marketing)	6	A
Master of Science in Business Engineering (main subject Operations Management)	6	A
Exchange programme in Economics and Business Administration	6	A

Teaching languages

English

Keywords

Stocks, bonds, options, futures, portfolio theory, portfolio selection, portfolio performance, currencies

Position of the course

The course presents an overview of the different financial assets and their risk-return characteristics. It is also shown how these characteristics can be optimally combined in portfolios. The implications of this choice for asset pricing are discussed. Asset pricing models will be used to price different assets, and to evaluate investment portfolios. In teaching these concepts, the perspective of the institutional investor is taken (e.g. insurance company, investment company, mutual fund). Selected professional and academic literature will be used in order to learn the student to critically analyse research and viewpoints regarding investments.

Contents

This course offers an overview of the basics about the investment process.

The following topics will be introduced:

- Asset classes and financial instruments
- Risk and return
- Risk aversion and capital allocation to risky assets
- Optimal risky portfolios and index models
- Capital asset pricing model (CAPM)
- Arbitrage pricing theory (APT)
- Efficient market hypothesis (EMH)
- Bond evaluation
- Equity evaluation
- Performance evaluation
- Active portfolio management

Initial competences

- Time value of money;
- Descriptive statistics
- Normal distribution
- Hypothesis tests on means
- Linear regression
- Basic techniques Excel

Final competences

- 1 Should better understand the role of investors in the economy
- 2 Should master techniques to price equity, bonds, and derivatives and know determinants of their prices
- 3 Should have acquired knowledge about the three steps asset allocation, security selection and evaluation.
- 4 Should have some practical experience regarding portfolio selection, valuation and evaluation.
- 5 Should know and being able to critically assess the concept of informational efficiency and its importance for society.
- 6 Should be able to interpret and evaluate academic papers and discuss their practical relevance
- 7 Will have more experience in writing scientific reports in English
- 8 Will have learned more about to more advanced features of a spreadsheet program such as Excel
- 9 Should have a critical view on marketing campaigns for new financial products

Conditions for credit contract

Access to this course unit via a credit contract is determined after successful competences assessment

Conditions for exam contract

This course unit cannot be taken via an exam contract

Teaching methods

Group work, lecture

Extra information on the teaching methods

Ex cathedra for the theory classes; Team work for making assignments, resulting in written group reports.

Learning materials and price

- Frömmel, M., Portfolio Theory and Management, BOD: Norderstedt, 2016
 - lecture notes
- Cost: 30 EUR

References

- Bodie, Z., A. Kane en A.J. Marcus, Investments, 8th edition, McGraw-Hill, 2008
- Levy, H. en T. Post, Investments, Pearson Education, 2004.

Course content-related study coaching

Lecture notes are made available through Minerva.
Extensive feedback will be provided after the assignments.

Evaluation methods

end-of-term evaluation and continuous assessment

Examination methods in case of periodic evaluation during the first examination period

Written examination

Examination methods in case of periodic evaluation during the second examination period

Written examination

Examination methods in case of permanent evaluation

Assignment

Possibilities of retake in case of permanent evaluation

examination during the second examination period is possible

Extra information on the examination methods

Written

Calculation of the examination mark

Permanent (tasks) (25%).
End-of-term (75%).