北京理工大学学术学分课程

BIT Academic Credit Courses Program

FIN230 - INVESTMENT ANALYSIS

Syllabus

Jun. 28 – Jul. 16, 2021

Term Duration: Jun. 28 – Jul.16, 2021
Credit Points: 4
Level: Undergraduate
Instructor Name: TBA
Home Institution: Beijing Institute of Technology
Lecture Hour: 15:40-18:40

Course Description

This course focuses on theories and practical methods for analysing investment management in the context of a globalizing economy. It first explores the investment fundamentals and process, then moves on to the classical mean-variance based portfolio theory and the fundamental equilibrium based Capital Asset Pricing Model. Based on the discussion of the shortcomings of the classical models, the course introduces alternatives such as multi-index models, the APT model, and the Fama-French model. The econometric methods of testing and applying these models are also presented to enhance students' ability of applying theoretical knowledge to analyse and evaluate investment issues one may encounter. Case study and site visit provide opportunities for the students to solve problems encountered in the real-world scenarios. Ethical issues in financial decision making will also be discussed.

Course Aims:

Upon successful completion of this course, students should be able to:

1. understand the basic theory of investment, fundamentals of stock markets and securities;
2. develop and evaluate portfolio management strategies for various clients;
3. demonstrate a profound understanding of the role of risk and return in the investment process;
4. explain the relevance of valuation models for securities selection and also the limitations of different valuation models;
5. apply the valuation models to investment management and develop the ability to understand the shortcomings of the classical models and select the alternatives accordingly;
6. extend the applications of analytical tools and techniques of valuation models and price dynamics to meet different risk and return levels;
7. analyse investment regulations and ethics and apply the ethical theories to provide effective solutions.

Language of Instruction

English

Required Textbook

Investment Analysis and Portfolio Management, 10th Edition
Author: Frank K. Reilly, Keith C. Brown
Publisher: South-Western Cengage Learning
ISBN: 9780538482103

Course Hours

This course requires 48 hours of contact including 42 hours of lectures and one 6-hour field trip. The lectures are from Monday to Friday.

Prerequisite Course

Students are expected to have taken **Principles of Finance**, or have solid knowledge of all topics covered in the course mentioned above.

Course Schedule

Week	Day	Chapter	Topic	Assignment/ Notes
Week 1	Day 1	Investment Fundamentals	Securities and Analysis; Investment Analysis; The Investment Process;	On going assignment: Final Essay
	Day 2	Buying and Selling	Markets; Brokers; Trading Stocks; Accounts; Short Sales	Group discussion
	Day 3	Portfolio Theory	Risk and Return; Variance and Covariance; Population Return and Variance; Portfolio Variance	Group discussion
	Day 4	Portfolio Theory	The Efficient Frontier; Two-Asset Portfolios; Extension to Many Assets; Different Borrowing and Lending Rates	Case study
	Day 5	Portfolio Theory	Portfolio Selection; Expected Utility; Markovitz Model; Implications	Presentation on Portfolio Selection
Week 2	Day 6	Modelling Returns	The Single Index Model; Single-Factor Model; Many Factors; The Fama-French Model	Group discussion
	Day 7	Equilibrium Theory	The Capital Asset Pricing Model; Arbitrage Pricing Theory; APT and CAPM	Group discussion
	Day 8	Equilibrium Theory	Empirical Testing; Efficient Markets; Behavioral Finance	Presentation: Tests of Market Efficiency
	Day 9	Fixed Income Securities	Interest Rates and Yields; Types of Bond; Yield-to-Maturity; Interest Rates and Discounting	Group discussion
	Day10		Field trip at fortune 500	
Week 3	Day 11	Fixed Income Securities	The Term Structure; Yield and Time; Market Segmentation	Case study
	Day 12	Derivatives	Options; Forwards and Futures; Swaps	Presentation
	Day 13	Application	Portfolio Evaluation; Portfolio Construction; Revision; Longer Run	Final essay due
	Day 14	Review		

	Day 15	Final Exam

Note: Due to the epidemic situation, field trip listed in above schedule is subject to change.

Grading Policy

Method	Percentage
Participation	10%
Case study	10%
Presentation	20%
Final Essay	20%
Final Exam	40%
Total	100%

Academic Honesty

Academic honesty is not only a fundamental part of learning and teaching, but also a core value that this course embraces. Behaviors of academic dishonesty, as outlined hereinafter, are unacceptable and will be penalized:

a) Plagiarism where students present work for assessment, publication or otherwise that is not their own, without appropriate attribution or reference to the original source. Plagiarism can include:
    i) paraphrasing or copying published and unpublished work without a reference;
    ii) adopting the ideas or concepts of others, including the structure of an existing analysis without due acknowledgement by way of reference to the original work or source.
b) Collusion, where students present work as independent work when it has in fact been produced in whole or in part with others unless prior permission for joint or collaborative work has been given by the Course Coordinator. Collusion can include:
    i) a student inappropriately assisting with or accepting assistance with the production of an assessment task;
    ii) submitting work which is the same or substantially similar as another student's work for the same assessment task.
c) Cheating, where a student acts in such a way as to seek to gain unfair advantage or assist another student to do so. Cheating can include:
    i) submitting falsified, copied or improperly obtained data relating to results of practicum, field trips or other work as if they were genuine; submitting an assessment task with the intention of deceiving or misleading the instructor about the student’s contribution to the work;
    ii) submitting an assessment task written or answered for the student by another person or which the student has copied from another person;

iii) submitting the same or a substantially similar piece of work for assessment in two different courses (except in accordance with approved study and assessment schemes);
iv) a student falsely indicating that they have been present at an activity where attendance is required;
v) completing an assessment task outside the conditions specified for that task.

d) Cheating in Examinations means engaging in dishonest practice or breaching the rules regarding examinations, which can include:
   i) communicating in any way during an examination with any person who is not an examination supervisor inside or outside the examination venue;
   ii) giving or accepting assistance from any person who is not an examination supervisor whilst in the examination venue;
   iii) reading, copying from or otherwise using another student's work in an examination or knowingly allowing a student to do so;
   iv) possessing, referring to or having access to any material or device containing information directly or indirectly related to the subject matter under examination, other than that explicitly approved by the Course Coordinator;
   v) acquiring, or attempting to acquire, possess or distribute examination materials or information without approval;
   vi) permitting another person to attend an examination on a student's behalf or attending an examination on behalf of another student;

e) Other dishonest acts including but not limited to:
   i) altering or falsifying any document or record for the purposes of gaining academic advantage;
   ii) offering or giving money or any item or service to a University staff member or any other person to gain academic advantage for the student or another person;
   iii) inventing references.