

Course Details

Course Title: Investment Analysis and Portfolio Management

Course Code: FIN 831

Credit Hours: 3

Program: E MBA 2K 21

Sections:

Pre Req: FM FIN 837

Course Description

This course is addressed to Postgraduate students who are looking for an in-depth discussion of investments and portfolio management. The presentation of the material is intended to be rigorous and empirical, without being overly quantitative. A proper discussion of the modern developments in investments and portfolio theory must be rigorous. The discussion of numerous empirical studies reflects the belief that it is essential for alternative investment theories to be exposed to the real world and be judged on the basis of how well they help us understand and explain reality.

Course focus and Modules: I expect each of you, as serious students of finance, to remain abreast of current developments in financial markets and financial institutions in general. One way to accomplish this is to read the *Wall Street Journal* (WSJ) daily. Students are expected to be prepared to discuss relevant issues appearing in the WSJ in the weeks prior to each class session. For instance, the WSJ Opinion pages and "Letters to the Editor" can serve as springboards for course discussions. Students must be able to express and defend contrary viewpoints. Article excerpts from the WSJ may also be materials for exam questions. (See below for subscribing to the WSJ and purchasing other required materials.)

Course Learning Outcomes (CLO)

After completing this course, students should be able to:

- a) Develop quantitative models for Investments Valuation.
- b) Identify and interpret accounting and non-accounting information necessary for valuation.
- c) Identify and interpret the key value drivers for the valuation of investments.
- d) Critically analyse alternative investment valuation models and assumptions developed by others.
- e) Carry out investment valuation and portfolio management in a professional manner.

Graduate Program Learning Goals and Objectives

General Learning Goals & Objectives of **BS A&F program** are:

1. **Goal 1: Academic Rigor and Relevance**

a. Graduates of the BS-ACF program will be presented with a rigorous and integrated set of learning opportunities in order to master the knowledge and skill necessary for effectively participating in and managing modern organizations.

2. **Goal 2: Research and Entrepreneurial Spirit**

a. Graduates of the BS-ACF program will be inculcated with a spirit of curiosity and inquisitiveness enabling them to forefront progress in research and entrepreneurship.

3. **Goal 3 Managerial and Business Application**

a. Graduates of the BS-ACF program will be encouraged to apply their learning to the multilevel and intricate sphere of micro and macro business environments in order to ensure pragmatism and expediency in corporate decision making.

4. **Goal 4: Societal and Ethical Relevance**

a. Graduates of the BS-ACF program will be able to identify and evaluate the ethical and societal implications of doing business as an organization.

PROGRAM LEARNING GOALS AND OBJECTIVES	COURSE LEARNING OBJECTIVES	COURSE ASSESSMENT ITEM
Goal 1: Academic Rigor and Relevance	Students will equipped with relevant and latest knowledge in the subject (CLO a-e)	CP, Cases and Exam
Goal 2: Research and Entrepreneurial Spirit	Application of information technology in preparing cases analyses and assignments (CLO d & e)	Cases and exams (minor component)
Goal 3 Managerial and Business Application	Major goal: Analytical thinking and problem solving skills are essential for success in this course (CLO a-e)	CP, quizzes, assignments, cases and exam

Goal 4: Societal and Ethical Relevance	Students work in groups of 4-5 persons each to prepare case briefs and analyses. Most case settings are global and multicultural (CLO e)	Term projects
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Course Evaluation (Grade Breakup)

Grading will be done as per NBS criteria. The breakup of the grade points is as follows:

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Final Exam	40%
Midterm	20%
Final Project	20%
Quizzes	10%
Assignments	10%

(Including Class Activities/Case Study Discussions)

Course Content (Weekly)

Weekly breakdown is given below

Week	Lecture No. and Topic	Reading	Session Outcomes (Students should be able to...)
1	LECTURE 1: The Investment Setting	Book 1 Chapter 1	Understand: Why do individuals invest? What is an investment? How do investors measure the rate of return on an investment?
1	LECTURE 2: The Investment Setting	Book 1 Chapter 1	Demonstrate understanding of: How do investors measure the risk related to alternative investments? What factors contribute to the rates of return that investors require on alternative investments?
2	LECTURE 3: Selecting Investments in a Global Market	Book 1 Chapter 3	Understand Why should investors have a global perspective regarding their investments? What has happened to the relative size of U.S. and foreign stock and bond markets?
2	LECTURE 4: Selecting Investments in a Global Market	Book 1 Chapter 3	Understand: Is there additional advantage to diversifying in international markets beyond the benefits of domestic diversification?
3	LECTURE 5: An Introduction to Portfolio Management	Book 1 Chapter 7	Understand What do we mean by risk aversion, and what evidence indicates that investors are generally risk averse? What are the basic assumptions behind the Markowitz portfolio theory?
3	LECTURE 6: An Introduction to Portfolio Management	Book 1 Chapter 7	Understand What do we mean by risk, and what are some measures of risk used in investments? How do we compute the expected rate of return for a portfolio of assets?
4	LECTURE 7: An Introduction to Portfolio Management	Book 1 Chapter 7	Understand What happens to the portfolio standard deviation when the correlation between the assets changes? What is the risk–return efficient frontier of risky assets?

4	LECTURE 8: An Introduction to Portfolio Management	Book 1 Chapter 7	Why do different investors select different portfolios from the set of portfolios on the efficient frontier? What determines which portfolio an investor selects on the efficient frontier?
5	LECTURE 9: An Introduction to Asset Pricing Models	Book 1 Chapter 8	Understand How does capital market theory extend Markowitz portfolio theory with the addition of a risk-free asset? Under what conditions does the CML recommend the use of leverage in forming an investor's preferred strategy?
5	LECTURE 10: An Introduction to Asset Pricing Models	Book 1 Chapter 8	Understand What is the difference between systematic and unsystematic risk, and how does that relate to the concept of diversification? How does the capital asset pricing model (CAPM) extend the results of capital market theory?
6	LECTURE 11: An Introduction to Asset Pricing Models	Book 1 Chapter 8	Evaluating What special role does beta play in the CAPM, and how do investors calculate a security's characteristic line in practice? What is the security market line (SML), and what are the similarities and differences between the SML and CML?
6	LECTURE 12: An Introduction to Asset Pricing Models	Book 1 Chapter 8	Demonstrate What do the various empirical tests of the CAPM allow us to conclude? Does the selection of a proxy for the market portfolio matter?
7	LECTURE 13: Multifactor Models of Risk and Return	Book 1 Chapter 9	Understand What are the deficiencies of the capital asset pricing model (CAPM) as an explanation of the relationship between risk and expected asset returns? What is the arbitrage pricing theory (APT) and how is it similar and different from the CAPM?
7	LECTURE 14: Multifactor Models of Risk and Return	Book 1 Chapter 9	How do you test the APT by examining anomalies found with the CAPM and why do some authors contend that the APT model is untestable? What are

			multifactor models and how are they related to the APT?
8	LECTURE 15: Multifactor Models of Risk and Return	Book 1 Chapter 9	Understand What are the main macroeconomic variables used in practice as risk factors? What are the main security characteristic-oriented variables used in practice as risk factors?
8	LECTURE 16: Multifactor Models of Risk and Return	Book 1 Chapter 9	How can multifactor models be used to identify the investment “bets” that an active portfolio manager is making relative to a benchmark? How are multifactor models used to estimate the expected risk premium of a security or portfolio?
9	<u>MID-TERM EXAM WEEK</u>		
10	LECTURE 17: Technical Analysis	Book 1 Chapter 15	How does technical analysis differ from fundamental analysis? What are the underlying assumptions of technical analysis?
10	LECTURE 18: Technical Analysis	Book 1 Chapter 15	What assumptions differ between technical analysis and the efficient market hypothesis? What are the major advantages of technical analysis?
11	LECTURE 19: Technical Analysis	Book 1 Chapter 15	What is the rationale behind a relative-strength line? How are bar charts different from point-and-figure charts?
11	LECTURE 20: Technical Analysis	Book 1 Chapter 15	What are some uses of technical analysis in foreign security markets? How is technical analysis used when analyzing bonds?
12	LECTURE 21: Equity Portfolio Management Strategies	Book 1 Chapter 16	Understand What are the two generic equity portfolio management styles? What are three techniques for constructing a passive index portfolio?
12	LECTURE 22: Equity	Book 1 Chapter 16	What stock characteristics do

	Portfolio Management Strategies		momentum-oriented investors look for? How can an investor measure the tax efficiency of an actively managed portfolio?
13	LECTURE 23: Equity Portfolio Management Strategies	Book 1 Chapter 16	Understand What stock characteristics differentiate value-oriented and growth-oriented investment styles? What is style analysis and what does it indicate about a manager's investment performance?
13	LECTURE 24: Equity Portfolio Management Strategies	Book 1 Chapter 16	What techniques do active managers use in an attempt to outperform their benchmarks? What are the differences between the integrated, strategic, tactical, and insured approaches to asset allocation?
14	LECTURE 25: Evaluation of Portfolio Performance	Book 1 Chapter 25	Provide an overview of What major requirements do clients expect from their portfolio managers? What is the peer group comparison method of evaluating an investor's performance?
14	LECTURE 26: Evaluation of Portfolio Performance	Book 1 Chapter 25	What is the Treynor portfolio performance measure? What is the Sharpe portfolio performance measure?
15	LECTURE 27: Evaluation of Portfolio Performance	Book 1 Chapter 25	What is attribution analysis, and how can it be used to distinguish between a portfolio manager's market timing and security selection skills? What are customized benchmarks, and what are the important characteristics that any benchmark should possess?
15	LECTURE 28: Evaluation of Portfolio Performance	Book 1 Chapter 25	How do bond portfolio performance measures differ from equity portfolio performance measures? What are time-weighted and dollar-weighted returns, and which should be reported under the CFA Institute's Performance

			Presentation Standards?
16	LECTURE 29: Evaluation of Portfolio Performance	Book 1 Chapter 25	Numericals
16	LECTURE 30: Evaluation of Portfolio Performance	Book 1 Chapter 25	Numericals
17	LECTURE 31:		Revision
17	LECTURE 32:		Revision
18			
18			
19	<u>FINAL EXAM WEEK</u>		

Required Course Material

Textbook:

The required text for this course are following:

Book 1: Investment Analysis and Portfolio Management, Tenth Edition by Reilly/Brown.

Additional Recommended readings

Students are encouraged to read financial publications such as the Wall Street Journal, Financial Times, Business Recorder to stay abreast of developments related to this course

Dates to Remember

The dates/weeks provided in this section are a reasonable estimate of due dates for quizzes, assignments and project related material submission. These may be subject to modification by the instructor due to unforeseen circumstances/minor modifications in course. However, until informed so, please consider these dates/weeks as final.

Date	Item Due
Week 2	Announced Quiz No. 1
Week 2	Project Titles Finalized
Week 3	Assignment No. 1 (In-Class)
Week 5	Announced Quiz No. 2
Week 6	Assignment No. 2 Due
Week 10	Announced Quiz No. 3
Week 12	Announced Quiz No. 4
Week 14	Written Report Submission
Week 15 & 16	Group Presentations

Bear in mind that it is the responsibility of the student to continuously keep track of these dates/weeks/lecture outline and any student not prepared for the class will be marked negatively in CP as well as the relevant class activity

Do's and Don'ts of Class

DO	DONT
Come to class <u>on time</u> and having completed the reading material.	Submit assignments, quizzes late. Such assignments and quizzes will not be accepted.
Take notes during the lectures.	<u>Cause disturbance</u> in class. If you have a question, address it to the lecturer.
Ask questions that are relevant to the topic being discussed and participate actively in class discussions and activities.	Walk in and out of class during the lecture as you please. If you have an emergency, let the lecturer know.
Let the lecturer know in advance if you need to miss a class.	Come to class <u>without your own copy of reading material</u> assigned for that week.
Constantly <u>check the deadlines</u> that are due.	Ask the lecturer to reschedule deadlines.
Constantly monitor the course outline and have it with you at all times.	<u>Ask the lecturer to change attendance details.</u>
Research topics and news items for constructive (and respectful) in-class debates.	Eat/Drink food in class.
<u>Switch off/Put your phones on silent</u> during class.	<u>Do Not forget to write some form of identification on each document that is due for submission of any kind.</u> It is not anyone's responsibility to keep track of the author of such documents but the author himself/herself.