



INVESTMENT MANAGEMENT

Course code	<i>FIN107</i>
Course title	<i>Investment Management</i>
Type of course	<i>Compulsory</i>
Stage of study	<i>Undergraduate</i>
Year of study	<i>4th</i>
Semester	<i>7th semester</i>
ECTS credits	<i>6: 24 h lectures, 24h seminars, 116 h individual work, 2h consultations</i>
Coordinating lecturer	<i>Dr. Silviu Ursu</i>
Study form	<i>Full-time</i>
Course prerequisites	<i>Financial Management</i>
Language of instruction	<i>English</i>

Annotation

The main goal of the course is to provide theoretical and practical knowledge about investments. It is created to help students to acquire knowledge about modern investment theory, and at the same time to develop skills in order to be able to create and implement investment strategy. Course is focused on secondary market, securities and derivatives, portfolio management, analysis and valuation of securities.

Aims of the course

The course is intended to introduce students to the main elements and principles of investments and to provide them knowledge and practical skills of investing in property, commodities and different financial assets.

Subject learning outcomes (SLO)	Study methods	Assessment methods
SLO1. Explain the concept of risk aversion and its impact on portfolio formation	Lectures, seminars, self-study	Mid-term test, presentation, final exam
SLO2. Demonstrate the construction of optimal investment portfolio with respect to risk	Lectures, seminars, solving exercises, self-study	Mid-term test, presentation, final exam
SLO3. Describe, compare and apply CAPM, index, and multi-factor models	Lectures, seminars, self-study	Mid-term test, final exam
SLO4. Overview and compare three forms of efficient markets (weak, semi-strong, and strong)	Lectures, seminars, self-study	Mid-term test, final exam
SLO5. Explain and apply the main models of stock valuation	Lectures, seminars, solving exercises, self-study	Mid-term test, final exam
SLO6. Calculate bond prices and yields, connect them with yield curves	Lectures, seminars, solving exercises, self-study	Final exam
SLO7. Describe and apply derivatives in investment management (options, futures and forwards, swaps)	Lectures, seminars, self-study	Final exam
SLO8. Evaluate the management of investment portfolio	Lectures, seminars, solving exercises, self-study	Presentation, final exam

Learning methods

The course is taught in English and is structured as a combination of lectures, in-class activities, cases, simulations, portfolio managing and group assignments. It requires a substantial amount of preparation by the students and active involvement during the class.

Quality issues

The lecturer assures a variety of teaching methods and testing. The feedback from students will always be highly valued and appreciated.

Cheating issues

The teaching and testing methods are chosen taking into account the purpose of the minimization of cheating opportunities. The University regulations on academic ethics are fully applied in the course.



Topics:

No	TOPIC	IN-CLASS HOURS		READINGS and HOMEWORK
		Lectures	Practice	
1	Introduction to the course The investment environment Why and how to invest Making investment plan Investment objectives	1	1	Chapter 1 Readings 1
2	Markets and transactions Stock exchanges around the world Regulations (global and national) Brokers and dealers	1	1	Chapter 2 Readings 2
3	Security transactions Trading on margin Types of orders	2	2	Chapter 2 Readings 3
4	Risk and return Concept, valuation and how to implement it on real stocks	2	2	Chapter 4, 4a Readings 4
5	Understanding market averages and indexes Modern Portfolio Concept – introduction	1	1	Chapter 3
6	Efficient Capital Market Markowitz Portfolio Theory CAPM	1	1	Chapter 5 Readings 5
7	Common Stocks Analysing Stocks Fundamental Analysis Macro and Micro-valuation Industry Analysis	2	2	Chapter 6 Chapter 7 Readings 6
8	Analysis of Financial Statements Stock Valuation Models Estimating Future Behaviour Forecasting Sales and Profits	2	2	Chapter 8 Readings 7
9	Technical Analysis Random Walk	1	1	Chapter 9 Readings 8
10	Midterm exam	1	1	
11	Market Anomalies Basic of Behavioural Finance Managing your own portfolio Timing transaction	2	2	Chapter 9 Chapter 13 Readings 9
12	Bond Valuation and Yield-To-Maturity Sensitivity to interest rates : bond duration Analysis and Management of Bonds Bond Valuation	2	2	Chapter 10 Chapter 11
13	Advanced analysis	1	1	Readings 10
14	Derivatives (introduction) Forwards	1	1	Chapter 15
15	Futures How to use futures	2	2	Chapter 15 Readings 11
16	Options How to use vanilla options in investment strategies	2	2	Chapter 14 Readings 12
	Total:	24	24	
	Final exam			

Grading:

TYPE	EVALUATION, %
Class participation	10
Group assignments	20
Midterm	30
Final Exam	40
Total:	100



1. Class Participation

Positive contributions to class are encouraged and rewarded by up to 10% of the final grade.

2. Group assignments. Students will have to prepare group presentations (20% of final grade) on what it means to invest in different assets. Presentation should highlight fundamentals of the chosen asset, what determines its value, how to forecast it, what are the risks involved etc. The presentation should provide sufficient background for other students to base their investment decisions in their virtual investment portfolio. Presentation should take 20 minutes and will be followed by questions and discussion.

3. Midterm and final exam

These written examinations count towards 30% and 40% of the final grade, respectively. They are closed-book tests, which include multiple choice questions, short essays and problems. It tests conceptual, analytical, and numerical skills. Will be based on topics covered during all course (including student presentations on investments in different assets).

In case of negative final grade, students are allowed to re-sit exam. Exam retake covers all course material and the weight of the retake is 70%. Other assignments cannot be rewritten / retaken but their evaluation (if positive) is not annulled.

Course Materials:

1. Fundamentals of Investing, 13/E. Scott J. Smart, Lawrence J. Gitman, Michael D. Joehnk. Pearson International Edition, 2017.
2. Analysis of Investments and Management of Portfolios, Frank K. Reilly, Keith C. Brown,. Cengage, 2015.