

Course No.: DLMBCFIE02	Course Title: Investment Analysis & Portfolio Management	Hours Total: 150 h
		Credit Points: 5 ECTS
Course Type: Wahlpflicht Course Availability: WS, SS Course Duration: 1 Semester		Admission Requirements: None
Course Coordinator / Instructor: See current list of tutors in the Learning Management System		References to Other Modules: Please see module description
<p>Course Description:</p> <p>Security analysis, asset allocation strategies, and the optimal composition of portfolios of financial assets are some of the most important fields of advanced financial management. This course is designed to bring together investment analysis and portfolio theory and their implementation with regard to portfolio management. Topics to be covered are the theory of portfolio selection and the theory's application, the hypotheses of efficient capital markets and the capital market equilibrium, analysis of investments and the evaluation of portfolios (or mutual funds) of common stocks, bonds, international assets, and other asset classes. Students will be directed through a broad and critical evaluation of the various investment strategies for maximizing returns and minimizing risk on portfolios.</p> <p>Investment analysis and portfolio management is a truly global topic. As a consequence, the course will take an international perspective, provide an insight into the global investment advisory industry, and discuss best-practice approaches around the globe.</p> <p>Course Objectives and Outcome:</p> <p>On successful completion of this course, students will be able to:</p> <ul style="list-style-type: none"> • Describe the theoretical constructs of investments and portfolio analysis. • Apply the modern portfolio theory and the theory of capital markets to practical questions of investment decisions. • Discuss the conflicting priorities between the normative theoretical approach of portfolio selection and equilibrium asset pricing on the one hand, and the practical application of investment decisions such as stock picking and technical analysis on the other hand. • Utilize various tools for researching and analyzing investment vehicles used in the context of asset pricing and asset allocation decisions. • Identify main features and practices of the global investment advisory industry. • Describe warrants and convertibles, options and futures and discuss the application of these vehicles in a portfolio investment context. <p>Upon completion of the course, the participants will have a solid foundation in modern portfolio theory and a good understanding of portfolio management in practice. Students will be equipped with specialist knowledge required for taking a management role in the global investment advisory industry.</p> <p>Teaching Methods:</p> <p>A variety of learning materials are offered to students: depending on the course, these include printed and online course books, vodcasts, podcasts, online tutorials, case studies, and online knowledge tests. This range of learning materials are offered to students so they can study at a time, place, and pace that best suits their</p>		

circumstances and individual learning style.

Course Content:

1 Introduction to Investment Analysis and Portfolio Management

1.1 Introduction, the Global Institutional Environment, the Asset Management, and Investment Advisory Industry

1.2 Financial Instruments, Derivatives, and Organization of the Securities Markets

1.3 The History of Investment Analysis

2 Portfolio Selection and the Optimum Portfolio

2.1 Mean Variance Portfolio Theory

2.2 The Characteristics of the Opportunity Set Under Risk

2.3 Efficient Portfolios and Techniques for Calculating the Efficient Frontier

2.4 Single-Index Models and Multi-Index Models

2.5 International Diversification

3 The Equilibrium in Capital Markets and Asset Pricing Models

3.1 The Equilibrium in Capital Markets and the Standard Capital Asset Pricing Model

3.2 Empirical Tests of Equilibrium Models

3.3 Extensions to the Single Factor Capital Asset Pricing Model

3.4 Multifactor Asset Pricing Models: Arbitrage Pricing Theory and Fama-French Model

4 Analysis of Securities

4.1 Macro- and Micro-Analyses of the Industries and Companies

4.2 Stock Valuation, Intrinsic Value and Market Value Determinants, Techniques of Valuation

4.3 The Analysis and Valuation of Bonds

4.4 Technical Analysis and Behavioral Finance

5 Management of Securities

5.1 Hypotheses of Efficient Capital Markets

5.2 Stock and Bond Portfolio Management Strategies, Active vs Passive Strategies

5.3 Asset Allocation Strategies

6 Investment Vehicles

6.1 Mutual Funds: Types, Industry, Participants

6.2 Hedge Funds

6.3 Private Equity Funds

7 Evaluation of the Investment Performance

7.1 Globalization and International Investing

7.2 Investment Process

7.3 Evaluation of Portfolio Performance, Sharpe Ratio, Jensen Measure, Treynor Measure, and Other Measures of Evaluating Portfolios

7.4 Evaluation of Security Analysis

Literature:

- Elton, E. J., Gruber, M. J., & Brown, S. J. (2014). Modern portfolio theory and investment analysis (9th ed.). New York City, NY: John Wiley & Sons.
- Reilly, F. K., & Brown, K. C. (2008). Investment analysis and portfolio management (10th ed.). Boston, MA: Cengage Learning.
- Alexander, G. J., Sharpe, W. F., & Bailey, J. V. (2001). Fundamentals of investments (3rd ed.). Englewood Cliffs, NJ: Prentice Hall.
- Levy, H., & Post, T. (2004). Investments. Boston, MA: Addison-Wesley.
- Fabozzi, F. J., & Modigliani, F. (2009). Capital markets: Institutions and instruments (4th ed.). Upper Saddle River, NJ: Prentice Hall.
- Markowitz, H. M. (1952). Portfolio selection. *Journal of Finance*, 7(1), 77-91.
- Fama, E. F. (1970). Efficient capital markets: A review of theory and empirical work. *The Journal of Finance*, 25(2), 383-417.
- Fama, E. F., & French, K. R. (1992). The cross-section of expected stock returns. *Journal of Finance*, 47(2), 427-465.
- Sharpe, W. F. (1964). Capital asset prices: A theory of market equilibrium under conditions of risk. *The Journal of Finance*, 19(3), 425-442.
- Lintner, J. (1969). The valuation of risk assets and the selection of risky investments in stock portfolios and capital budgets. *The Review of Economics and Statistics*, 47(1), 13-37.
- Mossin, J. (1966). Equilibrium in a capital asset market. *Econometrica*, 34(4), 768-783.
- Ross, S. A. (1976). The arbitrage theory of capital asset pricing. *Journal of Economic Theory*, 13(3), 341-360.

Prerequisites to Qualify for Assessment:

- Depending on the course: Completion of online knowledge tests (approx. 15 minutes per unit, pass / not pass)
- Course evaluation

Assessment:

Exam, 90 min

Student Workload (in hours): 150

Self-study: 90
Self-testing: 30
Tutorials: 30

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