COURSE SPECIFICATION DOCUMENT

NOTE: ANY CHANGES TO A CSD MUST GO THROUGH ALL OF THE RELEVANT APPROVAL PROCESSES, INCLUDING LTPC.

Academic School/Department:	Business and Economics
Programme:	BA (Hons) Business Administration Finance with Combined Studies
FHEQ Level:	5
Course Title:	Principles of Investment
Course Code:	FNN 5205
Course Leader:	Sabine Spangenberg
Student Engagement Hours:	**120**
Lectures:	45
Independent / Guided Learning:	75
Semester:	Fall/Spring
Credits:	12 UK CATS credits 6 ECTS credits 3 US credits

Course Description:

Focusing on financial investment, the course familiarizes the student with a range of financial instruments and capital market operations, including new issues, trading, and the role of financial intermediaries in the investment market. Investment companies are investigated. Fundamentals of portfolio theory are introduced and applied to investment management. Valuation of fixed-income securities, equity instruments, and common stock is discussed on the basis of modern capital market theory. The course introduces financial derivatives, including options, futures, forward rate agreements, and interest rate swaps, and relates the use of derivatives to fixed-income investment, portfolio analysis, and interest rate risk management.

Pre-requisites: FNN 5200

Aims and Objectives

The course aims to provide students with the ability

1. to understand financial instruments and financial markets and be familiarised with financial theory,
2. to assess the various theoretical models presented in class with regards to their validity,
3. to assess different investment options, and
4. to communicate the given assessment.

Programme Outcomes:

A1-A7
B1-B5
C1
D1-D5

A detailed list of the programme outcomes are found in the Programme Specification.
This is located at the Departmental/Schools page of the portal.

Learning Outcomes:

Upon completion of this course, a successful student should be able to

Knowledge and Understanding:

1. Demonstrate an understanding of financial instruments and analyse investment instruments according to their respective degrees of risk and maturity.
2. Show an in-depth understanding of the theoretical concepts in financial economics and evaluate model such as the Asset Pricing Model and critically appraise hypotheses such as the Efficient Market Hypothesis.
3. Critically appraise issues of Behavioural Finance.
4. Apply portfolio analysis to a given investment scenario and demonstrate a critical understanding of derivatives.

Cognitive Skills:

1. Solve problems and identify the efficient portfolio in a theoretical and applied context.
2. Critically appraise the relevance and appropriateness of models of financial markets and investors' and analysts' behaviours.
3. Assess the conceptual relevance of efficient financial markets and their imperative with regards to the efficient allocation of resources within the economy.

Professional and Practical Skills:

1. Use verbal, mathematical and graphical forms of analysis in various contexts such as the inverse relationship of risk and return.

Key Skills:

1. Conduct independent research and learn reflective thinking.
2. Manage their time efficiently in particular in relation the writing of an independent term paper.
3. Articulate their thoughts verbally and use audio-visual equipment to translate their ideas to an audience.

Indicative Content:

1. Types of Financial Securities
2. Securities: Issue, Trade and Markets

3. Investment Companies and Mutual Funds
4. Risk and Return
5. Portfolio Risk and Asset Allocation
6. Capital Asset Pricing Theory and Arbitrage Pricing Theory
7. Efficient Markets and Financial Behaviour
8. Debt Securities: Bonds
9. Management of Bond Portfolios
10. The Derivatives Markets: Options and Options
11. Futures
12. Active Portfolio Management

Assessment:

This course conforms to the Richmond University Standard Assessment Norms approved at Academic Council on June 28, 2012.

Teaching Methodology:

The course is lectured twice weekly. Student participation is essential and group discussions are a vital part of learning. Students are expected to undertake independent study and research to compose a written assignment the findings of which have to be presented in class.

Bibliography:

Core Text:

Bodie Z., Kane A., Marcus A.J. (2009) *Essentials of Investments* (8th edition), Boston: McGraw-Hill.

Additional Literature:

Clark, E. (1997) Valuing Political Risk, in: *Journal of International Money and Finance*, 16: 477-490.

Coccia, M. (2007) A New Taxonomy of Country Performance and Risk Based on Economic and Technological Indicators, in: *Journal of Applied Economics*, 10 (1):29-42.

Fama, E. F. (1971) Risk, Return and Equilibrium in: *Journal of Political Economy*, 79(1): 30-55.

Fama, E. F., French, K. R. (2004) The Capital Asset Pricing Model: Theory and Evidence in: *Journal of Economic Perspectives*, 18(3):25-46.

Hirt G., Block S.B. (2004) *Foundations of Investment Management* (11th edition), Boston: McGraw-Hill.

Jegadeesch N., Titman, S. (1993) "Returns to buying Winners and Selling Losers: Implications for Stock Market Efficiency", in: *Journal of Finance*, 48: 65-91.

Kim, H.L. (2006) Dynamic Relationship between Stock and Property Markets, in: *Applied Financial Economics*, 16(5): 371-376.

Lintner, J. (1965) The Valuation of Risk Assets and the Selection of Risky Investments in Stock Portfolios and Capital Budgets, in: *Review of Economics and Statistics*, 47(Feb):13-37.

Mandelbrot, B. (1963) The Variation of Certain Speculative Prices, in: *Journal of Business*, 36(Oct.):394-419.

Markowitz, H. (1959) *Portfolio Selection: Efficient Diversification of Investments*, New York: Wiley.

Miao, J. (2005) Optimal Capital Structure and Industry Dynamics, in: *Journal of Finance*, 60 (6):2621-2659.

Von Neumann, J, Morgenstern, O. (1953) *Theory of Games and Economic Behaviour* (3rd edition)., New York: Princeston University Press.

Reilly F.K., Brown K.C. (2006) *Investment Analysis and Portfolio Management* (8th edition), Belmont: South-Western College Publishing.

Sharpe, W. F . (1964) Capital Asset Prices: A Theory of Market Equilibrium under Conditions of Risk, in *Journal of Finance*, 19(Sept.):425-42.

Statman, M. (2007) Local Ethics in a Global World, in: *Financial Analysts Journal* (CFA Institute), 63 (3):32-41.

Tobin, J. (1958) Liquidity Preference as Behaviour towards Risk, in *Review of Economic Studies*, 25(Feb.):65-86.

Please Note: The core and the reference texts will be reviewed at the time of designing the semester syllabus

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Change Log for this CSD:

Major or Minor Change?	Nature of Change	Date Approved & Approval Body (School or LTPC)	Change Actioned by Academic Registry