

# FIN3702B Investment Analysis and Portfolio Management

Semester 1, AY2024/2025

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## **Course Objectives**

This is an introductory but demanding course in financial investments and portfolio management. It provides a comprehensive coverage of basic concepts, theories, applications and decision-making rules in financial investment. Topics to be covered include portfolio optimization and asset pricing theories, as well as their applications to problems in modern financial practice. This course also explores the application of various financial instruments (including stocks, bonds, and options) and introduces the basic techniques of portfolio performance evaluation.

## **Prerequisites**

- FIN2704 or FIN2704X
- Basic understanding of Excel Spreadsheet functions
- Use of financial calculator

## **Course Textbook**

Bodie, Zvi, Alex Kane and Alan Marcus, **Essentials of Investments** (hereafter “BKM”), 12<sup>th</sup> edition.

Previous editions of the textbook (10e or 11e) are also suitable.

## **Assessment Methods**

	Weight
Class Participation	10%
Group Assignment	10%
Individual Assignments (*3)	15%
Midterm Test	30%
Final Test	30%
Ethics	5%
<b>Total</b>	<b>100%</b>

## **I. Class Participation (10%)**

Class participation, from asking clarifying questions to offering creative and insightful comments, is highly appreciated. Your active participation will transform this class into a great learning experience for everyone, including myself. I strongly encourage you to come to each class prepared.

## **II. Group Assignment (10%)**

There will be one (1) group assignment given to the students. Please work in groups for this assignment. The number of members of each group will be determined after the class sizes are confirmed. The objective of the project is to allow students to apply the knowledge learnt in class with real-world data. The deliverables of the project consist of a written report and an Excel workbook.

## **III. Individual Assignments (15%)**

There will be three (3) individual assignments through the semester and will be done online through NUS Canvas. Each assignment is worth five marks (5%). The submission deadline is at midnight on the specified due date. Late submissions will be deducted by one mark for each day of delay (e.g., assignments submitted on the morning after the deadline will have a maximum mark of 4%).

## **IV. Midterm Test (30%)**

The midterm test will be scheduled for Week 7 (Saturday, 5 October, 3:00-6:00pm). The test covers topics taught from Week 1 to Week 6. The test is closed book. You are allowed to bring two calculators and a two-sided A4-sized help sheet.

## **V. Final Test (30%)**

The final test will be scheduled for Week 13 (Friday, 15 November, 6:00-9:00pm). The test covers topics taught from Week 8 to Week 12. The test is closed book. You are allowed to bring two calculators and a two-sided A4-sized help sheet.

## **VI. Investment Ethics (5%)**

There will be online materials for the study of Ethics and a quiz on the materials in NUS Canvas. This is in compliance with NUS being a CFA affiliated institution.

## **Academic Honesty & Plagiarism**

Academic integrity and honesty are essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is “the practice of taking someone else's work or ideas and passing them off as one's own” (The New Oxford Dictionary of English). The University and School will not condone plagiarism. Students should adopt this rule – You have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is being presented as entirely your own work. This is a minimum standard. In case of any doubts, you should consult your instructor.

Additional guidance is available at:

<http://www.nus.edu.sg/registrar/adminpolicy/acceptance.html#NUSCodeofStudentConduct>

Online Module on Plagiarism:

<http://emodule.nus.edu.sg/ac/>

## **Consultations**

Please send me an email to set up a consultation session.

## **Course Schedule**

<b>Week</b>	<b>Topic and Activity</b>	<b>Deliverable(s)</b>
1	Introduction; Asset Classes, Financial Instruments, and Security Markets	
2	Return and Risk; Asset Allocation	
3	Diversification and Optimal Portfolio	
4	Single Index Model and Capital Asset Pricing Model	HW #1 due 8 Sep
5	Arbitrage Pricing Theory	
6	Multi-Factor Model	
Term Break		
7	No Class – Midterm Test: 5 Oct (Sat) 3:00-6:00pm	Group assignment due 6 Oct
8	Efficient Market Hypothesis	
9	Mutual Fund and Performance Evaluation	HW #2 due 20 Oct
10	Bond Investment	
11	Option Markets and Valuation	
12	Option Markets and Valuation; Final Review	HW #3 due 10 Nov
13	No Class – Final Test: 15 Nov (Fri) 6:00-9:00pm	