

FIN3702B: INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT

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Session: Semester 2, AY 2024/2025

Course Objectives

This is an introductory 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 in investment management and introduces the basic techniques of portfolio performance evaluation.

Prerequisites

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

Preclusions

- BH3102 or BZ3302 or BK3101 or FNA3102 or FNA3102B/C or FIN3102 or FIN3102B/C or FE5108 or EC3333 or CF3101/QF3101

Course Textbook

The reference for the course is:

Bodie, Zvi, Alex Kane and Alan Marcus, 2021, *Investments (12th Edition)*, McGraw Hill, ISBN 978-1-260-59024-1.

All other course materials, journal articles and information pertaining to FIN3702C will be posted on Canvas. You are expected to check any updates and files on the Canvas system on the regular basis. You are encouraged to read the financial news from Bloomberg or The Financial Times regularly.

Assessment Methods

| | |
|---------------------|-------------|
| Class Participation | 10% |
| Problem Sets | 25% |
| Midterm Test | 30% |
| Endterm Test | 30% |
| Ethics | 5% |
| Total | 100% |

I. Class participation (10%)

Both class preparation and participation are important. The classroom is a great place to test and enhance your understanding of the material by asking and answering questions. It will be hard to contribute to the discussions if you are unprepared. I strongly encourage you to prepare for class.

Class participation, from clarifying questions to insightful comments, is greatly encouraged. Your active participation will transform this class into a great learning experience for everyone, including myself. Following are some things that would go on into the class participation points

- Submit all problem sets on time
- I will (not every day) ask questions in class on Canvas that you need to answer by 10 minutes
 - Scores will not depend on whether the answers are right or wrong
- Actively engaging in class
- By the end of the term send me any finance-related article that you have read and interpret it through what you have learned
 - Just one is good enough
 - Just sending me a (**somewhat**) relevant explanation of an article would be enough

II. Problem Sets (25%)

Throughout the course, there will be four problem sets on Canvas with a one-week deadline from the time they are published. Each problem set will primarily consist of numerical problems as well as multiple choice questions. These problem sets serve the purpose of ensuring that you keep up with the materials covered in the class as well as preparing you for the midterm test as well as the final exam. These are assignments to be completed individually and you will only have once chance to submit your answers.

III. Mid-Term Test (30%)

Closed-book test (**Date and time: TBC.**)

You are allowed to bring two calculators and a two-sided A4-sized help sheet. The examinable syllabus of the Midterm Test will cover Topics 1 – 4.

IV. End-Term Test (30%)

Closed-book test (**Date and time: TBC.**)

You are allowed to bring two calculators and a two-sided A4-sized help sheet. The examinable syllabus of the Midterm Test will cover Topics 1 – 8, though more stress will be on the topics covered after midterm.

V. Investment Ethics (5%)

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

Tentative Schedule (Subject to Change):

| Week | Topics | Deliverable (end of week) |
|--------------------|---|---------------------------|
| 1 | Topic 1: Introduction (BKM Chapter 1 to 5) | |
| 2 | Topic 2: Portfolio Theory (BKM Chapter 6 to 7) | Problem Set 1 |
| 3 | Topic 3: Asset Pricing Models (BKM Chapter 8, 9 & 10) * | |
| 4 | Topic 3: Asset Pricing Models (BKM Chapter 8, 9 & 10) (contd.) | |
| 5 | Topic 4: Efficient Market Hypothesis and Behavioural Finance (BKM Chapter 11) | Problem Set 2 |
| 6 | Revision, Mid Term Test | TBD |
| <i>Recess Week</i> | | |
| 7 | Topic 5: Portfolio Management (BKM Chapter 24) | |
| 8 | Topic 6: Bond Analysis (BKM Chapter 14, 15 & 16) | |
| 9 | Topic 6: Bond Analysis (Cont.) | Problem Set 3 |
| 10 | Topic 7: Security Analysis (BKM Chapter 17, 18 & 12.2) | |
| 11 | Topic 8: Future and Options (BKM Chapter 20, 21, 22, & 23) | Problem Set 4 |
| 12 | Revision | |
| 13 | No Lesson: End Term Test | |

***This is the class on the 29th of January. There is no class for the section that is scheduled from 3pm-6pm because of CNY. There will be a make-up class for that section on a Saturday (TBD)**

Academic Honesty & Plagiarism

Academic integrity and honesty is 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:

[https://www.nus.edu.sg/registrar/administrative-policies-procedures/undergraduate/acceptance-record - NUSCodeofStudentConduct](https://www.nus.edu.sg/registrar/administrative-policies-procedures/undergraduate/acceptance-record-NUSCodeofStudentConduct)

<http://nus.edu.sg/osa/resources/code-of-student-conduct>