

AD 470 Investment Analysis and Portfolio Management, 2019-20_1

Boğaziçi University, Department of Management

Instructor: Attila Odabaşı

TA: TBA

Email: odabasi@boun.edu.tr

Office: IB 403; Phone. 359-6806;

TA office hours:

Office Hours: T 14:00-15:00 and Th 12:00-13:00 or by appointment

Course Schedule: WWW 678, Local: IB312

Course Description:

The course focuses on the fundamental notions of financial investment and portfolio management. Most parts of the course are analytical and computer based applications are required.

Course Objectives:

The course discusses the topics such as the role of financial markets, the main types of financial investments, trading mechanisms, security analysis, estimation of return and risk, modern portfolio theory and the effect of diversification and portfolio risk measurement and hedging. Hence, upon completion of the course you will have a basic idea about how to make investment decisions.

Course Prerequisites:

AD 311 Business Finance. Basic economics and statistics.

Textbook:

Essentials of Investments, 10th Ed., by Bodie, Kane, and Marcus (BKM), 2017, McGraw-Hill.

The web address for our course page: <http://odabasi.boun.edu.tr>

I will post announcements, lecture notes, spreadsheets, readings, and other course material on the course web page. You are responsible for downloading, printing, and reading the relevant materials. Visit the page regularly.

Course Requirements:

- Grades will be based on:

Activity	Proportion of Course Grade
Midterm exam	30%
Final Exam	35%
Investment Project	10%
Exercises	15%
Attendance and Class Participation	10%

- The mid-term and final are not cumulative. You must take them both. The exams are closed book.
- Unless there is a documented health related reason, there will be no make-up exam. Should you be excused for the mid-term exam you may have to wait until the end of semester for a make-up.

- You should attend classes and participate in class discussions. However, attending the classes only does not guarantee you to get the full points for class participation. Excessive absences will be penalized.
- To get a good grasp of the course and to prepare for the exams, you should read the the book and solve the end-of-chapter problems and do the assignments.

Assignments:

- There is one term assignment, which I will call "[Investment Project](#)" and 3-4 assignments that cover the topics reviewed in the course. These exercises aim to help you understand the major concepts by practice.
- The assignments are due at the beginning of class. Late submissions will be heavily penalized.
- If you work in a group, you only need to hand in one set of answers for each assignment. Groups can not include more than two students and you are expected to keep the same group throughout the semester.

Classroom Responsibilities:

- **Class Participation:** Active class participation is an important aspect of effective learning. Sharing your ideas and experience, asking questions, contributing to class discussions, and participating in in-class exercises will benefit you and your classmates.
- Attendance on time is proper business etiquette and a minimal requirement for classroom participation. Being regularly late is unprofessional and is not to your advantage.
- Interfering with learning of others is not acceptable.
- The use of handheld communication devices is forbidden in class.
- You acknowledge that the use of laptops and tablets is allowed for specific purpose of note-taking only.

Academic Honesty and Misconduct:

- You should abide by the University's rule concerning academic misconduct and appreciate the serious consequences of a violation of these rules.
- Academic honesty requires that the course work, including exams and reports that a student presents to an instructor honestly and accurately indicates the student's own academic efforts. The University code defines academic misconduct. Examples include but are not limited to: using another person's written answers, ideas, words, or research and presenting it as one's own by not properly crediting the originator; signing another person's name to an attendance sheet; using notes or a programmable calculator in an exam when such use is not allowed.

AD470 Fall 2019-20 Course Schedule

The following course schedule is tentative. The readings in BKM are required (the chapters' numbers are as they appear in the 10th edition of BKM).

Topic	Topics	<u>Readings in BKM</u>
Sep 25	Introduction, Asset Classes, Securities Markets,	Ch 1
Oct 02	Fin Markets, Trading, Investment Companies	Ch 2, 3
Oct 09	Trading and Investment Co's	Ch 3, 4
Oct 16	Estimation of returns and risk	Ch 5
Oct 23	Portfolio Construction I	Ch 6
Oct 30	Portfolio Construction II, SIM	Ch 6, 7
Nov 06	CAPM and others	Ch 7
Nov 13	MIDTERM	
Nov 20 *	Efficient market hypothesis; behavioral fin, technical analysis	Ch 8, 9
Nov 27	Biases in rational decision making and technical analysis	Ch 9
Dec 04	Bond Prices, Yields, Managing Bond Portfolios	Ch 10, 11
Dec 11	Hedging portfolio using forwards	Ch 17
Dec 18	Portfolio Performance Evaluation	Ch 18

*WITHDRAWAL WEEK.

Suggestions for submitting written assignments:

1. Pay attention to formatting asked by the instructor,
2. Save a backup copy when you submit. It may contain something that you will wish to review for the upcoming exam.