

**City University of Hong Kong
Course Syllabus**

**offered by Department of Economics and Finance
with effect from Semester A 2017/18**

Part I Course Overview

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| Course Title: | Advanced Security Analysis and Portfolio Management |
| Course Code: | EF 4320 |
| Course Duration: | 1 Semester |
| Credit Units: | 3 |
| Level: | B4 |
| Proposed Area: <i>(for GE courses only)</i> | <input type="checkbox"/> Arts and Humanities <input type="checkbox"/> Study of Societies, Social and Business Organisations <input type="checkbox"/> Science and Technology |
| Medium of Instruction: | English |
| Medium of Assessment: | English |
| Prerequisites: <i>(Course Code and Title)</i> | CB3410 Financial Management or FB3410 Financial Management EF3320 Security Analysis and Portfolio Management |
| Precursors: <i>(Course Code and Title)</i> | Nil |
| Equivalent Courses: <i>(Course Code and Title)</i> | Nil |
| Exclusive Courses: <i>(Course Code and Title)</i> | EF4420 Derivatives Analysis and Advanced Investment Strategies |

Part II Course Details

1. Abstract

This course is aimed at providing financial market investment theory and applications at an advanced level. At the end of this course students will have a deep understanding of the characteristics of individual securities as well as of the theory and practice of optimally combining securities into **portfolios of fixed income securities and equities in domestic and international markets**. Most importantly students will develop essential skills needed to succeed as an investment professional in a global environment

2. Course Intended Learning Outcomes (CILOs)

(CILOs state what the student is expected to be able to do at the end of the course according to a given standard of performance.)

| No. | CILOs [#] | Weighting* (if applicable) | Discovery-enriched curriculum related learning outcomes (please tick where appropriate) | | |
|-----|---|-------------------------------|--|----|----|
| | | | A1 | A2 | A3 |
| 1. | Analyze the payoffs of financial instruments such as equity, bond, and derivatives; compare and contrast the return/risk characteristics of various financial instruments. | 25% | X | X | |
| 2. | Value financial instruments; discover the pros and cons of different valuation models and develop their innovative skills by properly applying these models to real life examples. | 25% | X | X | |
| 3. | Apply financial instruments in portfolio management; understand the portfolio management process and be able to develop portfolios to address the specific needs of individual customers. | 25% | X | X | |
| 4. | Present the results of analysis, valuations and applications; interpret the results of financial analysis and form insights on various investment opportunities. | 25% | X | X | X |
| | | 100% | | | |

* If weighting is assigned to CILOs, they should add up to 100%.

Please specify the alignment of CILOs to the Gateway Education Programme Intended Learning Outcomes (PILOs) in Section A of Annex.

A1: Attitude

Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

A2: Ability

Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to self-life problems.

A3: Accomplishments

Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

3. Teaching and Learning Activities (TLAs)

(TLAs designed to facilitate students' achievement of the CILOs.)

| TLA | Brief Description | CILO No. | | | | Hours/week (if applicable) |
|----------------------------------|--|----------|---|---|---|-------------------------------|
| | | 1 | 2 | 3 | 4 | |
| Lectures | The lectures encourage students to think critically and logically by interactively discussing the main issues. Real-world examples are discussed in the lectures to help students understand the current the global macroeconomic issues through the lenses of the theoretical and empirical framework proposed in the literature. | X | X | X | X | |
| In-class discussions | In-class exercises will be discussed. Students will get a better understanding of the essential materials by interpreting what they learn from the lecture. | X | X | X | X | |
| Coursework and Final Examination | Both final exam and coursework test students' ability to understand, discover and innovate. Students will have to demonstrate to be able to master not only the details of the quantitative frameworks discussed in the course but also the big picture of what they learn. | X | X | X | X | |

4. Assessment Tasks/Activities (ATs)

(ATs are designed to assess how well the students achieve the CILOs.)

| Assessment Tasks/Activities | CILO No. | | | | Weighting* | Remarks |
|---|----------|---|---|---|------------|---------|
| | 1 | 2 | 3 | 4 | | |
| Continuous Assessment: 30% | | | | | | |
| Coursework | X | X | X | X | 30% | |
| Examination: 70% (duration: 2 hours, if applicable) | | | | | | |
| Final examination | X | X | X | X | 70% | |
| | | | | | 100% | |

* The weightings should add up to 100%.

5. Assessment Rubrics

(Grading of student achievements is based on student performance in assessment tasks/activities with the following rubrics.)

| Assessment Task | Criterion | Excellent (A+, A, A-) | Good (B+, B, B-) | Fair (C+, C, C-) | Marginal (D) | Failure (F) |
|------------------------------------|-----------|--|---|---|--|---|
| Final examination (2 hour exam) | | Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base. | Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature. | Student who is profiting from the university experience; understanding of the subject; ability to develop solutions to simple problems in the material. | Sufficient familiarity with the subject matter to enable the student to progress without repeating the course. | Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited, or irrelevant use of literature. |
| Coursework | | | | | | |

Part III Other Information (more details can be provided separately in the teaching plan)

1. Keyword Syllabus

Single Index model and OLS.
Total risk, beta risk, and R^2 .
Multifactor models.
International CAPM.
P/E ratio and growth opportunity.
Duration and Convexity.
Bond immunization.
Forward and futures prices.
Pricing of forward/futures contracts.
Cost of Carry.
FX spot and forward rates.
Interest rate differential.
Interest rate parity.

2. Reading List

2.1 Compulsory Readings

(Compulsory readings can include books, book chapters, or journal/magazine articles. There are also collections of e-books, e-journals available from the CityU Library.)

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| 1. | Fabozzi, F.J. (2007), <i>Fixed Income Analysis</i> , 2 nd Edition, Wiley |
| 2. | Bruno Solnik and Dennis McLeavey (2009), <i>International Investments</i> , 6 th Edition, Pearson-Addison Wesley |
| 3. | <i>Investments</i> , Bodie, Kane and Marcus, McGraw-Hill, 8 th or latest edition, |

2.2 Additional Readings

(Additional references for students to learn to expand their knowledge about the subject.)

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| 1. | Online Resources Newspaper clippings and articles. |
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