Investment Analysis & Portfolio Management

Course Description

Security analysis, asset-allocation strategies, and the optimal composition of portfolios of financial assets are some of the most important fields of advanced financial management. This course discusses investment analysis and portfolio theory and considers their implementation in the form of portfolio management. Topics to be covered are portfolio-selection theory and its application, the hypotheses of efficient capital markets and of the capital market equilibrium, and the analysis of investments and portfolios (or mutual funds) of common stocks, bonds, international assets, and other asset classes. Students will be guided through a broad and critical evaluation of the various investment strategies for maximizing returns and minimizing portfolio risk. Investment analysis and portfolio management is a truly global topic; consequently, the course will take an international perspective, provide insight into the global investment-advisory industry, and discuss best practices around the world.

Contents

1. Introduction to Investment Analysis and Portfolio Management
   1. The Asset Management and Investment Advisory Industry
   2. Financial Instruments, Derivatives, and Organization of Securities Markets
   3. The History of Investment Analysis
2. Portfolio Selection and the Optimum Portfolio
   1. Mean-Variance Portfolio Theory
   2. The Calculation of Risk and Return
   3. Efficient Portfolios and Techniques for Calculating the Efficient Frontier
   4. Single-Index Models and Multi-Index Models
   5. International Diversification
3. Equilibrium in Capital Markets and Asset Pricing Models
   1. Equilibrium in Capital Markets and the Standard Capital Asset Pricing Model
   2. Empirical Tests of Equilibrium Models
   3. Extensions to the Single-Factor Capital Asset Pricing Model
   4. Multifactor Asset Pricing Models: Arbitrage Pricing Theory and the Fama-French Model
4. Analysis of Securities
   1. Macro- and Microanalyses of Industries and Companies
   2. Stock Valuation, Intrinsic Value and Market Value Determinants, and Valuation Techniques
   3. The Analysis and Valuation of Bonds
   4. Technical Analysis and Behavioral Finance
5. Management of Securities
   1. The Efficient Market Hypothesis
   2. Stock and Bond Portfolio Management Strategies Using Active vs Passive Strategies
   3. Asset Allocation Strategies
6. Investment Vehicles

6.1 Mutual Funds: Types, Industry, and Participants

1. Hedge Funds
2. Private Equity Funds
3. Evaluation of Investment Performance

7.1 Globalization and International Investing

1. Investment Process
2. Evaluation of Portfolio Performance Using the Sharpe Ratio, Jensen Measure, Treynor Measure, and Other Measures
3. Evaluation of Security Analysis