

FINB 401 – Security Analysis and Portfolio Management

Basic Information

Course Title:	Security Analysis and Portfolio Management		
Code:	FINB 401		
Hours:	Lecture: 3	Tutorial: 1	Credit Hours: 3
Prerequisite(s):	None		
Academic Year / Level:	Year: 4	Term: 1	

1- Course Description and Overall Aims:

This course focuses on common stock, the stock market, stock options, and approaches to investing in the stock market and building stock portfolios. Particular emphasis is given to three competing approaches to stock investment: fundamental analysis, technical analysis and efficient market analysis. Students are introduced to portfolio theory and study various methods of modeling the risk associated with stock investment such as the capital asset pricing model and arbitrage pricing theory. Also discussed are the distribution of stock to the public, the broker-client relationship, different types of orders investors can place with their broker, short sales of stock, investment companies, margin accounts, speculation, and hedging.

Course Aims:

- A. Introduce students to common stock, the stock market, stock options, and approaches to investing in the stock market and building stock portfolios. Particular emphasis is given to three competing approaches to stock investment: Fundamental analysis, technical analysis and efficient market analysis.
- B. Provide students with a basic introduction to portfolio theory and study various methods of modeling the risk associated with stock investment such as the capital asset pricing model and arbitrage pricing theory.
- C. Encourage students to apply stock and option valuation models in portfolio management.

2-Intended Learning Outcomes of the Course (ILOs):

(A) Through **knowledge and understanding**, students will be able to:

- (K1) Recognize and apply appropriate theories, principles, and concepts relevant to securities analysis and portfolio management.

- (K2) Develop a reasoned argument to the solution of familiar and unfamiliar problems relevant to securities analysis and portfolio management.
- (K3) Analyze and evaluate portfolio performance.

(B) Through **intellectual skills**, students will be able to:

- (I1) Identify, analyze and draw reasoned conclusions in selecting and presenting information on securities.
- (I2) Analyze investment opportunities in stock markets.

(C) Through **professional and practical skills**, students will be able to:

- (P1) Identify, formulate and solve investment problems.
- (P2) Identify, assess and evaluate common securities.
- (P3) Implement and review security valuation.

(D) Through **general and transferable skills**, students will be able to:

- (G1) Develop appropriate effective written and oral communication skills.
- (G2) Demonstrate the ability to develop interpersonal skills relevant to security valuation and portfolio management.
- (G3) Formulate and exercise appropriate judgment in selecting and presenting information using various methods relevant to securities analysis and portfolio management.

3 - Course Outline:

Week 1:	The Returns and Risk from Investing
Week 2:	Portfolio Theory I: Portfolio Concepts and Expected Return
Week 3:	Portfolio Theory II: The Significance of Correlation and Covariance
Week 4:	Portfolio Theory III: The Markowitz Model of Portfolio Selection
Week 5:	Portfolio Theory IV: Implications of Portfolio Selection
Week 6:	Portfolio Theory V: The Markowitz Model and Efficient Portfolios
Week 7:	Midterm Evaluation + Continue: Portfolio Theory V: The Markowitz Model and Efficient Portfolios

Week 8:	Capital Market Theory I: The Capital Asset Pricing Model
Week 9:	Capital Market Theory II: The Concept of Capital Market Line and the Concept of Security Market Line
Week 10:	Common Stock Valuation I: Discounted Cash Flow Techniques, Dividend Discounted Models
Week 11:	Common Stock Valuation II: Free Cash Flow to Equity Valuation Model, The Price Earnings Approach
Week 12:	12 th Week Evaluation + Common Stock: Analysis and Strategies: Managing a Portfolio of Stocks
Week 13:	Bond Prices and Yields: Bond Yields, Term Structure of Interest Rates
Week 14:	Bonds: Analysis and Strategy: Continue: Bonds: Analysis and Strategy: Why Buy Bonds?
Week 15:	Continue: Bonds: Analysis and Strategy: Continue: Bonds: Analysis and Strategy: Why Buy Bonds?
Week 16:	Final Examination

4 - Teaching and Learning Methods:

The course comprises a combination of lectures, direct reading, case studies & projects. Facilitates Required: Overhead Projector and Data Show.

5 - Student Assessment Methods, Schedule and Grading:

Assessment No.	Type	Start Week No.	Submit Week No.	Weight %
1	Midterm Evaluation	1	7	25
2	12 th Week Evaluation	8	12	25
3	Final Examination		16	50

Total	100
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6 - List of References:

(a) Course Notes:

Notes are handed out to the students throughout the semester.

(b) Essential Books (Text Books):

Charles P. Jones: “Investments: Analysis and Management”, Wiley and Sons, USA, 11th Edition, 2010.

(c) Recommended Books:

Frank K. Keilly and Keith C. Brown: “Investment Analysis and Portfolio Management”, South Western / Thomson Learning, USA, 9th Edition, 2008.