

**SYLLABUS**

# **Portfolio Investment 7.5 credits N0021N**

**Nationalekonomi B, Portföljvalsteori**

**Course syllabus admitted: Autumn 2014 Sp 2 - Autumn 2015 Sp 1**

**DECISION DATE  
2014-08-25**

# Portfolio Investment 7.5 credits N0021N

## Nationalekonomi B, Portföljvalsteori

### First cycle, N0021N

Education level	Grade scale	Subject	Subject group (SCB)
First cycle	U G VG	Nationalekonomi	Economics

## Entry requirements

In order to meet the general entry requirements for first cycle studies you must have successfully completed upper secondary education and documented skills in English language and Basic knowledge in micro and macro economics, for instance see N0008N and N0011N. Basic knowledge in statistics (see S0006M and S0007M).

## Selection

The selection is based on 1-165 credits.

## Examiner

Bo Jonsson

## Course Aim

After the course the student will have the ability to identify, quantify and manage different risks in financial portfolios. Specifically, this means that the student should have the ability to without a mathematical or statistical manual be able to:

- Describe and calculate the return and the risk by using Markowitz portfolio theory and explain how investors choose an optimal portfolio.
- Explain how financial assets are valued according to CAPM and APT.
- Explain how diversifying assets influence the portfolio risk.
- Evaluate portfolio result.
- Value stocks.
- Value bonds.
- Analyze interest risks and manage these with immunization strategies.
- Value derivative instruments such as options and forwards.
- Use derivatives for influencing the risk level in the portfolio.
- Be able to describe the theory for efficient market and be able to analyze what implication efficient or inefficient markets have on financial investments.

## Contents

The course contents:

- A short introduction of financial actors and instruments.
- Markowitz portfolio theory
- Factor models
- The Capital Asset Pricing Model, CAPM
- The Arbitrage Pricing Theory, APT
- Bonds and yield curves
- Interest risk and duration
- Immunization
- Options and options valuation methods
- Option strategies
- Forwards and futures
- Stock valuation
- Efficient markets

## Realization

Each course occasion's language and form is stated and appear on the course page on Luleå University of Technology's website.  
The teaching will be in the form of lectures.

## Examination

If there is a decision on special educational support, in accordance with the Guideline Student's rights and obligations at Luleå University of Technology, an adapted or alternative form of examination can be provided. Written exam and written assignments. The exam will not be marked before the written assignments are approved. The questions on the written exam will be focused on theoretical understanding and analysis. A great deal of the quantitative calculations will be examined by the written assignments.

## Remarks

Students must register for the courses themselves or contact ETKS educational administration, [eduetks@ltu.se](mailto:eduetks@ltu.se) not later than five days after the quarter commences. Failure to do so can result in the place being lost. This rule also applies to students with a guaranteed place.

## Transition terms

4416

## Literature. Valid from Autumn 2014 Sp 2

Bodie, Kane, Marcus: Investments and portfolio management. 9th global edition or later. McGraw-Hill ISBN: 9780071289146

Alternative literature:

Bodie, Kane, Marcus Investments - Global Edition: Zvi Bodie, Alex Kane, Alan J. Marcus: ISBN:9780077161149:

Or if you can find a second hand copy of.

Bodie, Kane, Marcus: Investments. 8:th international edition, McGraw-Hill, ISBN: 978-007-127828-7.

## Course offered by

Department of Business Administration, Technology and Social Sciences

## Items/credits

Number	Type	Credits	Grade
0001	Written exam	6	U G VG
0002	Written assignment reports	1.5	U G#

## Study guidance

Study guidance for the course is to be found in our learning platform Canvas before the course starts. Students applying for single subject courses get more information in the Welcome letter. You will find the learning platform via My LTU.

## Last revised

by Director of Undergraduate Studies Bo Jonsson, Department of Business Administration, Technology and Social

Sciences 2014-08-25

## **Syllabus established**

by Department of Business Administration and Social Sciences 2007-02-28