



Course syllabus

School of Business and Economics
Department of Economics and Statistics

1NA074 Portfolio Choice Theory, 7,5 högskolepoäng
Portfolio Choice Theory, 7.5 credits

Main field of study

Economics

Subject

Economics

Level

First cycle

Progression

G1F

Date of Ratification

Approved 2014-11-12.

Revised 2025-01-20. Revision of examination, prerequisites and standard texts.

The course syllabus is valid from autumn semester 2025.

Prerequisites

Economics 30 credits, statistics 15 credits and English 6, or the equivalent.

Objectives

After completing this course the student should be able to:

- explain the formation of prices in financial markets and about the essential theories in finance
- account for interest rate theory and portfolio theory
- account for financial assets, the risks of investing in financial assets and how financial assets can be used in risk management
- calculate financial relationships and the price of financial assets

- analyze conditions and developments on the financial markets

Content

The course contains:

- financial markets and financial assets
- risk, return, the efficient frontier for risky assets and optimal portfolio choice
- CAPM, APT and evaluation of risky investments
- interest rate calculations and analysis of the yield curve
- the law of one price, arbitrage and the efficient market hypothesis on the financial markets
- risk management with financial assets
- behavioural finance

Type of Instruction

The teaching consists of lectures and group exercises.

Examination

The course is assessed with the grades A, B, C, D, E or F.

The course is assessed through an individual written examination 4.5 credits and a written group assignment presented orally 3 credits.

The grade A constitutes the highest grade on the scale and the remaining grades follow in descending order where the grade E is the lowest grade on the scale that will result in a pass. The grade F means that the student's performance is assessed as fail.

Resit examination is offered in accordance with Linnaeus University's Local regulations for courses and examination at the first- and second-cycle levels.

In the event that a student with a disability is entitled to special study support, the examiner will decide on adapted or alternative examination arrangements.

Course Evaluation

A course evaluation should be conducted during the course or in connection with its conclusion. The results and analysis of the completed course evaluation should be promptly communicated to students who have completed the course. Students participating in the next course instance should be informed of the results of the previous course evaluation and any improvements that have been made, no later than at the start of the course.

Overlap

The course cannot be included in a degree along with the following course/courses of which the content fully, or partly, corresponds to the content of this course: 2NA002, 2FE045:3, 1NA004:6 and 2NA01E:5 with 7.5 credits each. The course also overlap 2NA060 with 6 credits.

Required Reading and Additional Study Material

Required reading

Bodie, Z., Kane, A. & Marcus, A. *Investments*. McGraw-Hill. Latest edition. About

1080 pages.

Scientific articles within Financial Economics. About 150 pages.