



Course syllabus

School of Business and Economics
Department of Economics and Statistics

2NA060 Portfolio Choice Theory and Portfolio Evaluation, 7,5
högskolepoäng

Portfolio Choice Theory and Portfolio Evaluation, 7.5 credits

Main field of study

Economics

Subject Group

Economics

Level of classification

First Level

Progression

G2F

Date of Ratification

Approved by School of Business and Economics 2017-02-22

The course syllabus is valid from autumn semester 2017

Prerequisites

Economics 60 credits, including Mathematical Economics II 7.5 credits, Econometrics 7.5 credits, Intermediate Microeconomics 7.5 credits and Intermediate Macroeconomics 7.5 credits, and Statistics 15 credits or the equivalent. English B/English 6.

Objectives

After the course the student is expected to be able to:

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

Content

The course includes the following topics:

- 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 determinants of the interest rate and the term structure of interest rates
- valuation of bonds, equities, forwards and options

- 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

Teaching is in the form of lectures and group exercises. Obligatory parts are stated in the schedule.

Examination

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

The assessment is based on a written examination and assignment.

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.

After each regular examination there will be at least one new examination in close proximity to the date the results of the regular exam were posted. A minimum of five occasions for written exams will be offered in relation to the syllabus to which the student was accepted. Usually three occasions per academic year are offered. Students that fail reports can complement after instructions from the examiner to obtain a pass grade.

Grading criteria for the A–F scale are communicated in writing to the student by the start of the course/module at the latest, as well as how grades on separate elements of examination are weighed to a final course grade.

Course Evaluation

During the implementation of the course or in close connection to the course a course evaluation is to be carried out. Result and analysis of the course evaluation is to be presented as feedback both to the students who have completed the course and to the students who are to participate on the course the next time it is offered. The course evaluation is to be carried out anonymously.

Credit Overlap

This course cannot be part of a degree in combination with another course in which the content fully or partly correspond to the content of this course: The course overlaps 2NA002, 2FE045:3, 1NA004:6, 2NA01E:5 and 1NA074 with 80 % each.

Required Reading and Additional Study Material

Required reading

Bodie, Z., Kane, A. & Marcus, A., *Investments Global Edition*, McGraw-Hill. Latest edition. 1080 pages.

Scientific articles within Financial Economics. 150 pages.