

**ASSUMPTION UNIVERSITY  
MARTIN DE TOURS SCHOOL OF MANAGEMENT AND ECONOMICS  
DEPARTMENT OF FINANCE AND BANKING  
COURSE OUTLINE (SEMESTER 2/2011)**

**Martin de Tours School of Management and Economics' Vision and Mission**

**Vision:**

To be the leading international business school in the ASEAN region providing high quality business education to enable graduates to make invaluable contributions to organizations and society.

**Mission:**

To shape our students into independent-minded graduates who are well-versed in business, able to communicate effectively, tech savvy, innovative, and ethical to successfully face global challenges.

**COURSE TITLE** : FIN3711 Investment  
**PRE-REQUISITE** : FIN3701 Corporate Finance  
**LECTURER** : Dr. Chainarin Srinuchasart, A. Marisa Laokulrach  
**Email** : srinutshasad@hotmail.com, marisa.laokulrach@gmail.com  
**Handouts Download** : www.aufinance.net

**COURSE DESCRIPTION**

This course aims to cover the fundamental knowledge for investment in financial markets, the relationship between risk and expected return, alternative investment tools and strategies, portfolio theory and capital market theory. In sum, the course covers definitions, theories, implementations, and calculations that aid in making investment decisions.

**COURSE OBJECTIVES**

Completing this course, students are expected to

- (1) Achieve a general understanding of the investment process,
- (2) Be familiar with financial markets and the players in the markets,
- (2) Be familiar with goals, practices and problems of investing institutions and individuals,
- (3) Understand and be able to distinguish each level of market efficiency,
- (4) Be able to apply modern techniques to asset allocation and portfolio management,
- (5) Be able to apply valuation techniques to security selection and in making investment recommendations.

**TEXT BOOK**

Frank K. Reilly and Edgar A. Norton, Investments, Thomson South-Western, 7<sup>th</sup> Edition, 2006.

REFERENCED TEXTS

Zvi Bodie, Alex Kane, and Alan Marcus, Investments, McGraw-Hill Irwin, 7<sup>th</sup> Edition, 2006.

William F. Sharpe, Gordon J. Alexander, and Jeffrey V. Bailey. Investments. Sixth Edition. Upper Saddle River, N.J.: Prentice Hall, 1999.

Edwin J. Elton and Martin J. Gruber, Modern Portfolio Theory and Investment Analysis, John Wiley & Sons, 6<sup>th</sup> Edition, 2003.

<b>MARKS ALLOCATION*</b>
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Midterm Exam	30%
Final Exam	45%
Term Paper	15%
Presentation	5%
Participation	<u>5%</u>
Total	<u>100%</u>

**Note:**

- \* see also classroom policies
- **The details of term project will be given and explained in class.**
- **Students will not be eligible to enter the examination room, hence not eligible to take the examination after the first 10 minutes of the examination regardless of the students' reasons.**

**CLASSROOM POLICIES**

- **Students need to comply with AU Dress Code, Time Conflict Examination Regulations, Laws on Smoking Cigarette, and Restrictions on Foods and Drinks V10.1, June 2010.**
- **Attendance policies:**
  - 2 times of ten-minute late for class is considered as 1 absence.
  - Make-up classes are not allowed.
  - 80% attendance is strictly required regardless of any reason.
  - No checking attendance for other classmates. Violation of the policies will result in being automatically withdrawn from the class.
  - Attendance is counted since the first day of class regardless of any reason.
- **Manner in class:**
  - Behave in a polite manner
  - Pay respect to instructors and class participants
  - Turn off all communication devices
  - Do not leave and re-enter the classroom
  - **Prohibited manner:** Eating, drinking, chatting, talking on the phone, text-messaging, sleeping, reading other materials, doing other subjects' assignments/homework, walking in-out, etc.
  - Improper behavior will result in no attendance checked.
- **Dress code:**
  - Follow AU dress code
  - Improper dress code will result in no attendance checked.
- **Class assignments (Homework, reports, project, presentation, paper, etc.):**
  - No Plagiarism.
  - The students copying works from all sources will be penalized – “Zero” marks or “F” grade.
  - Hand in all class assignment on time, both soft copy and hard copy.
  - **Late submission will not be graded.**
- **Class participation:**
  - Be participative and attentive in class
  - The students are also required to comply with all classroom policies.
  - Violation of the classroom policies will result in “zero” or “negative” participation marks and/or “no attendance” checked.
- **Request for make-up quizzes (if applicable):**
  - The students requesting for the make-up quizzes need to submit their names with valid evidence (ABAC related issues) to the respective lecturer within the specified dates.
  - Failure to do so, the students will NOT be allowed to take the make-up quizzes.
- **Grade inquiry:**
  - The students can request for a review for their marks or grades.
  - The students need to submit petition to the respective Chairperson at D6 or CL27 within 2 weeks after their marks or grades have been officially announced. Petition submitted after the specified period will NOT be considered.
  - **Reevaluation process:** The students' class assignments or exam answer scripts will be reevaluated by the internal committees assigned by the respective department. Please note that the students' marks may or may not be adjusted after the reevaluation process and it is considered as a “final consensus” between the students and the committees.

<b>LECTURE PLAN</b>
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Chapter (s)	Topic (s)	# Period(s)
1	General principle of investments	1
2	Risk and returns <ul style="list-style-type: none"> <li>• Types of returns, Measures of returns, Determinants of returns</li> <li>• Definition of risk, Measures of risk</li> <li>• Relationship between risk and returns (the SML)</li> </ul>	1
6	Securities Markets <ul style="list-style-type: none"> <li>• Organizations of the markets;</li> <li>• Members</li> <li>• Types of orders and transactions</li> </ul>	1.5
7	Markets Indexes <ul style="list-style-type: none"> <li>• The purposes and uses of Markets Indexes,</li> <li>• Types of Indexes, Calculations of Indexes</li> </ul>	1
8	Background assumptions Markowitz Portfolio Theory (Mean-Variance Portfolio Theory)  The characteristics of the investment opportunity set <ul style="list-style-type: none"> <li>• Individual asset return and risk measures</li> <li>• The characteristics of portfolios in general</li> <li>• Portfolio returns and risk measures</li> <li>• The effects of diversification</li> </ul> Efficient portfolios <ul style="list-style-type: none"> <li>• Combinations of two risky assets</li> <li>• The portfolio possibilities curve</li> <li>• The Efficient Frontier and Investor Utility Curve</li> </ul>	2.5
9	Capital Market Theory and background assumptions <ul style="list-style-type: none"> <li>• The CAPM (Capital Asset Pricing Model): Expected Return and Risk</li> </ul>	2.5
10	Capital Market Efficiency <ul style="list-style-type: none"> <li>• Definitions, Levels of markets efficiency</li> <li>• Tests and Results</li> <li>• Implications for investors</li> </ul>	2
<b>Midterm Examination: January 16, 2012 (15:00-17:00)</b>		
11	General principle of valuation <ul style="list-style-type: none"> <li>• Valuation techniques and estimations of the inputs</li> </ul>	2
13	Economic and Industry Analysis <ul style="list-style-type: none"> <li>• Economic growth indicators</li> <li>• Five basic competitive forces</li> <li>• Industrial life cycle and stages</li> </ul>	1
14	Analysis of financial statements <ul style="list-style-type: none"> <li>• Financial ratios</li> <li>• Dupont Analysis</li> </ul>	1
15	Company Analysis and stock valuation <ul style="list-style-type: none"> <li>• Growth company and growth stock</li> <li>• SWOT analysis</li> <li>• Stock valuation and decision</li> </ul>	2

<b>Chapter (s)</b>	<b>Topic (s)</b>	<b># Period(s)</b>
16	Technical Analysis <ul style="list-style-type: none"> <li>• Assumptions</li> <li>• Advantages and Challenges</li> <li>• Trading Rules and Indicators</li> </ul>	2
12	Valuation of Fixed-Income Securities <ul style="list-style-type: none"> <li>• Calculating Bond prices, Bond yields</li> <li>• Calculating Bond price sensitivity to change in bond yield</li> </ul>	2
	<b>Presentation (March 5-14,2012)</b>	3
<b>Comprehensive Final Examination: March 20, 2012 (09:00-12:00)</b>		

**Self Study**

1. Mutual Funds and other managed investments (Chapter 4, 5)
  - What is a mutual fund?
  - Types of mutual funds
  - The organization and operation of a mutual fund
  - Investment policy statements and asset allocation
2. US. Equity Markets (Part of chapter 6)
3. Managing Portfolios (Chapter 19, 20, 21)
  - Portfolio Construction (Equity-Portfolio vs. Bond-Portfolio)
  - Portfolio Management Styles (Passive vs. Active)
  - Evaluating Portfolio Performance
    - Selection of benchmarks
    - Evaluation of investment performance

**February 27, 2012: Last day to withdraw with “W”  
(Withdrawing after this date, the students need a chairperson’s approval.)**