

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

******* This subject is for students under New Curriculum only. *******

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 : FIN 3731 Portfolio Management and Security Analysis

PRE-REQUISITE : FIN 3711 Investment

LECTURER : A. Vesarach Aumeboonsuke

CLASS TIME & PLACE : Monday & Wednesday, 10:15 – 12:00, MSM0605

COURSE DESCRIPTION

The course discusses the management of investment portfolio in terms of portfolio construction, investment timing and security selection focusing on the analytical techniques through economics, industry and business analysis. The course also focuses on asset selection and allocation for constructing an efficient portfolio.

COURSE OBJECTIVES

The students will be able to construct and manage a portfolio that meets a specific investment objective and to evaluate the performance of a portfolio by using different techniques.

TEXT BOOK

Modern Portfolio Theory and Investment Analysis, 7st Edition, Edwin J. Elton, Martin J. Gruber, Stephen J. Brown, and William N. Goetzman, John Wiley & Sons.

MARKS ALLOCATION* (* See also classroom policies)

Criteria	Allocation
Midterm Exam	30 %
Final Exam	45 %
Group Project	20 %
Assignments	5 %
Total	100%

COURSE SCHEDULES

Chapter	Topic (s)	# Period (s)
1 2 – 3	Introduction Introduction Financial securities and Financial markets	1 Self Study
4 5 6	Section I. Mean-Variance Portfolio Theory The characteristics of the opportunity set under risk Delineating efficient portfolios Techniques for calculating the efficient frontier	1 2 1
7 8 9	Section II. Simplifying the Portfolio Selection Process The correlation structure of security returns: the single-index model The correlation structure of security returns: multi-index models and grouping techniques Simple techniques for determining the efficient frontier	2 2 2
11 12	Section III. Selecting the Optimum Portfolio Estimating expected returns How to select among the portfolios in the opportunity set	1 1
13 14 15 16	Section IV. Models of Equilibrium in the Capital Markets The standard Capital Asset Pricing Model Nonstandard forms of Capital Asset Pricing Models Empirical tests of equilibrium models The Arbitrage Pricing Model	2 Self Study 1 1
*** MIDTERM EXAM: (16 January 2012, 09:00 – 11:00) ***		
18 19 22	Section V. Security Analysis and Portfolio Theory Behavioral finance, investor decision making, and asset pricing Valuation Models The management of bond portfolios	Self Study 1 Self Study
25 26 27	Section VI. Evaluating the Investment Process Evaluation of portfolio performance Evaluation of security analysis Portfolio management revisited (passive versus active strategies)	1 1 Self study
	Project Presentation	4
*** FINAL EXAM: (19 March 2012, 09:00 – 12:00) ***		

Note:

- Please re-check dates and time prior to all exams.
- The students will not be admitted to all quizzes' and exams' rooms later than 10 minutes after the quizzes and exams start.

Group Project

Construct a portfolio, evaluate its performance, and present to the class.

Topic Task**Due Date**

1. Front cover: Portfolio name, Name & ID of 6 members	16 December 2011
2. Investment objective, assets selection & allocation (5 marks)	30 December 2011
3. Portfolio performance estimation (5 marks)	3 February 2012
4. Portfolio performance evaluation (10 marks), full report	24 February 2012
5. 20 – 30 minutes Presentation (5 marks)	27 February – 14 March 2012

Submit each topic with front cover before 4 pm of each due date at SM320

Contents of full report (example)

1. Front cover
2. Portfolio overview
 - Investment objective
 - Assets selection & allocation (based on some fundamentals)
3. Portfolio performance estimation
 - Daily return graph, return distribution (7 November 2011 – 20 January 2012)
 - Measures of risk
4. Portfolio performance evaluation
 - Benchmark (s)
 - Sharpe measure
 - Treynor measure
 - Jensen measure
 - (Alternative measures)
5. Recommendation & Conclusion
6. Appendix (news, other graphs-tables, etc.)
7. References (books, websites)

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.

**January 30, 2012: Last day to withdraw with “W”
(Withdrawing after this date, the students need a chairperson’s approval.)**