

Capital University of Economics and Business Overseas Chinese College Course Syllabus

Year and Semester	2023 Fall					
Course Name	Equity Investment and Portfolio Management					
Course Code	CFA305					
	General Edu	□ General Education (Required) □ General Education (Elective)				
	Basic Disciplinary Course		rse 🗆 I	□ Professional Course (Required)		
Course Type	☑Professional	Course (Ele	ective) DP	rofessiona	l Course (Expanded)	
	□Professional	Course (Ad	vanced)			
Course Credits	4					
Course Hours	Total Class	64	Lecture	64	Experiment	0
	Hours	04	Hours	04	(Computer) Hours	0
	□ Freshman	□ Sophom	ore 🗹 Junior	□Senio	r	
Applicable object	Business Administration (Accounting)					
	☑ Information Management and Information Systems (Finance)					
Prerequisites	Principal of Accounting					
Instructor	Wei Manqiu					
	Office: C203					
Contact Information	Tele: 010 8395 1085					
	Email: weiman	qiu@cueb.e	edu.cn			
Office Hour	Т 9:55-12:20,	F 13:30-	16:10			
Learning Centre	M 13:30-15:05, W 18:00-20:00 (online)					
Grade/Section	2021CFA					
Course Time/Place	T 13:30-15:05 A101, W 8:00-9:35 A101					
Textbook	Schweser Notes, 2022 Level I CFA, Kaplan Inc. USA					
	Book 3: Equity Investments, Book 5: Portfolio Management					

Reference Book

- 1. CFA Institute, Equity and Fixed Income Investments, CFA Program Curriculum, 2022, Wiley Press, USA
- 2. Frank K. Reilly, et al. Analysis of Investments and Management of Portfolio, 10th Edition, China Machine Press, Beijing, ISBN: 978-7-111-43864-9
- 3. Zvi Bodie et al. Investments, 10th Edition, China Machine Press, Beijing, ISBN: 978-7-111-58160-4

Course Description

This course aims to equip students with the essential knowledge of the equity securities analysis and valuation. The course covers the fundamentals of equity investments and portfolio management. Key areas include types of equity investments,market organization and structure of security markets, and security market indexes; market efficiency, basic tools for equity valuation, introduction to industry and company analysis. It also involves modern portfolio theory, portfolio risk and return measures, and basics of portfolio planning and construction, the behavioral biases of individuals, introduction to risk management.



Student Learning Objectives

On successful completion of this exam, candidates should be able to:

	Describe equity mention and structures		
	 Describe equity market organization and structure; 		
	 Explain and calculate security market indexes; 		
Knowledge	• Describe various types of equity securities, as well as industry and		
Knowledge	company analysis;		
	• Explain the concept of a portfolio approach to investment;		
	Describe behavioral biases of individuals;		
	• Discuss different forms of market efficiency and the implications for		
Capability investment analysis;			
	• Apply basic equity valuation models to estimate equity values;		
	• Discuss various measures of portfolio risk and return;		
	• Act with integrity, respect, and in an ethical manner in the finance field;		
Mindset	• Be independent and diligent in the investment process;		
	Strive to improve professional knowledge and competence;		
	• Apply critical thinking in the process of decision making.		

Website Source

- 1. http:// www.sse.com.cn Shanghai Stock Exchange
- 2. <u>http://www.szse.cn/</u> Shenzhen Stock Exchange
- 3. <u>https://www.hkex.com.hk/</u> Hong Kong Exchanges
- 4. https://www.nyse.com/index New York Stock Exchange
- 5. <u>https://www.londonstockexchange.com/</u> London Stock Exchange
- 6. http://www.csrc.gov.cn/pub/newsite/
- 7. https://finance.sina.com.cn/

Teaching Methods

This course contains lectures, class discussions, homework, quizzes, presentation and exams. Textbook content will be introduced first. Then real case and practice questions will be delivered to students as a way to test their understanding of the knowledge. This will require individual or group assignment in or after class.

Grade Criterion

Component	Weight	Description	
		A cumulative final examination will be given based on all of the contents	
	20%	of the class. The exam paper may be composed of multiple-choice	
Final Exam		questions, short answer questions, essay questions, problems. Students	
		should rely primarily on homework assignments to give them a sense of	
		what they may see for material on exams.	
		A cumulative midterm test will be given based on all of the contents	
Mid Torm Tost	Mid-Term Test 20%	that have been taught in class. The test paper may be mainly composed	
Whd-Term Test		of multiple-choice questions and it should be completed within 45	
		minutes in class.	
Homework	15%	Most of the assigned homework is taken from the Exercises in the	



		textbook. Assignments will be collected at the clearly stated date. Late	
		assignments will not be accepted. The graded assignments will be kept	
		by the tutor for reference and won't be returned to students.	
		There will be at least 2 quizzes during the semester. Quizzes may or may	
	1.50/	not be announced in advance. It may also be used as a way to check the	
Quizzes	15%	attendance. Quizzes will test your knowledge of both concepts and the	
		application of those concepts.	
		The students will be divided into several groups to prepare a	
		presentation. Each student is required to be involved in the presentation.	
	100/	The topics can be selected from the textbook or lectures or course	
Presentation	10%	related materials. Each group needs to finish a PPT related to the topic	
		which is given, and hand in the related resources to the teacher before	
		the presentation.	
		Individuals will be asked to participate individually in a question and	
Participation	10%	answer at least 5 times during the semester. The performances should be	
		counted in their participation.	
Attendance	10%	Refer to attendance policy listed below	
Total	100%		

Detailed Grade Computation

	Before Midterm	After Midterm
Attendance	5%	5%
Participation	5%	5%
Homework	5%	10%
Quizzes	5%	10%
Presentation		10%
Mid-Term Test	20%	
Final exam		20%
Total	40%	60%

Assessment of Student Performance

☞ Self-Study and Reading ability Practice

Instructor will give out the chapters or the reference books to read and use class hours to have discussion; students should be able to show a proactive attitude and ability for self-study and reading. Knowledge and oral English will be elements of homework or presentation score.

Homework

Students should finish their homework by themselves. Copying from others will be treated as cheating and the homework scores will be lowered. Students should hand in all assignments on time. Late assignments will be accepted at the discretion of the instructor (i.e., when the student was ill or had an excused absence). Late assignments without reasonable proof will be reduced in score by 50%.

Attendance

Because the course covers a great deal of material, attending every class session is very important for performing

well.

- •Being late for 15 minutes or more is considered an absence.
- Five hours or above of unexcused absences will result in the lower level of the final grade by one grade band (e.g. from C to D +). Any excused absence must be discussed directly with the teacher.
- •Absence which is more than 1/3 of the total teaching hours will cause an F (a failing grade) directly. but students are welcome to continue attending classes.
- •An incomplete grade (I) will be considered in case of medical or family emergencies.

Participation

- Students should participate in classes actively. Half of participation grade is determined by their presentation in class. They are encouraged to ask questions relevant to the subject and express their own opinions. Every student should respect the ideas, opinions, and questions of their classmates.
- Students should also use office hours to ask questions or talk with the instructor for good communication and effective learning.
- •Frequent visiting the instructor and chatting in English during office hours is highly recommended.
- Any misbehavior and non-class related activities in class will result in the lower level of the participation grade, including ringing cell phones.
- •All above behaviors will be solely evaluated by the instructor for scoring.

🕿 Textbook

Students must bring the textbook to class.

Week	Topics	Platform	Homework
	• Syllabus		
	• Course introduction		
	• Reading 1# Market Organization and Structure		
	Module 1 Markets, assets, and intermediaries	Classroom	
	a: Explain the main functions of the financial system	Classioolii	
	b: Describe classifications of assets and markets.	Xuexitong	
1	c: Describe the major types of securities	&Wechat	
	d: Describe types of financial intermediaries and services that they provide	group	
	Module 2 Positions and leverage	group	
	e: Compare positions an investor can take in an asset		
	f: Calculate and interpret the leverage ratio, the rate of return on a margin		
	transaction, and the security price at which the investor would receive a		
	margin call.		
	Module 3 Order execution and validity		
	g: Compare execution, validity, and clearing instructions.		
	h: Compare market orders with limit orders.		Homework
	i: Define primary and secondary markets and explain how secondary		for
2	markets support primary markets		Reading 1
	j: Describe how securities, contracts, and currencies are traded in quote		Reading 1
	driven, order-driven, and brokered markets		
	k: Describe characteristics of a well-functioning financial system		
	l: Describe objectives of market regulation		
3	• Reading 2# Security Market Indexes		
5	Module 1 Index weighting methods		

Topical Course Outline (original)



a: Describe a security market index b: Calculate and interpret the value, price return, and total return of an index c: Describe the choices and issues in index construction and management c: Compare the different weighting methods used in index construction c: Calculate and analyze the value and return of an index given its weighting method Module 2 Uses And Types of Indexes f: Describe trebalancing and reconstruction of an index g: Describe types of security market indexes i: Describe types of fixed-income indexes j: Describe types of fixed-income indexes i: Describe types of security market indexes j: Describe indexes representing alternative investments i: Compare types of security market indexes j: Describe indexes representing alternative investments i: Describe indexes representing alternative investments j: Describe indexes representing alternative investments i: Describe indexes representing alternative investments j: Describe between transet of reliancy and strong-form market efficiency. c: Explain factors that affect a market's efficiency of r findamental analysis, technical analysis, and the choice between active and passive portfolio management f f: Describe denatorefistics of types of equity securities i: Describe indexes of types of equity securities g: Describe behavioral finance and its potential relevance to understanding market anomalies i: Describe induces of types of e		CAPITAL UNIVERSITY OF ECONOMICS AND BUSINESS	
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business cycle and the uses and limitations of industry and company	5		
descriptors such as growth, defensive and cyclical			



	CAPITAL UNIVERSITY OF ECONOMICS AND BUSINESS	
	d: Describe current industry classification system, and identify how a	
	company should be classified, given a description of its activities and	
	the classification system.	
	e:Explain how a company's industry classification can be used to identify a	
	potential —peer groupl for equity valuation	
	f: Describe the elements that need to be covered in a thorough industry	Homework
	analysis	for
	g: Describe the principles of strategic analysis of an industry	Reading 5
		8
	Module 2 Pricing power and company analysis	
	h: Explain the effects of barriers to entry, industry concentration, industry	
	capacity, and market share stability on pricing power and price	
	competition	
	i: Describe industry life cycle models, classify an industry as to life cycle	
	stage, and describe limitations of the life-cycle concept in forecasting	
	industry performance	
	j: Describe macroeconomic, technological, demographic, governmental,	
	and social influences on industry growth, profitability, and risk	
	k: Compare characteristics of representative industries from the various	
	economic sectors.	
	l:Describe the elements that should be covered in a thorough company	
	analysis	
	 Midterm Test 	
	 Reading 6# Equity valuation 	
	Module 1 Dividends, splits, and repurchases	
	a: Evaluate whether a security, given its current market price and a value	
	estimate, is overvalued, fairly valued, or undervalued by the market	
	b: Describe major categories of equity valuation models	
	c: Describe regular cash dividends, extra dividends, stock dividends, stock	
	splits, reverse stock splits, and share repurchases	
	d: Describe dividend payment chronology	
9	d. Describe dividend payment chronology	
9	Module 2 Dividend discount models	
	e: Explain the rationale for using present value models to value equity and	
	describe the dividend discount and free cash flow to equity models	
	f: Calculate the intrinsic value of a non-callable, non-convertible preferred	
	stock	
	g: Calculate and interpret the intrinsic value of an equity security based on	
	the Gordon (constant) growth dividend discount model or a	
	two-stage dividend discount model, as appropriate	
	h: Identify characteristics of companies for which the constant growth or a multistage dividend discount model is appropriate	
	Module 3 Relative valuation measures i: Explain the rationale for using price multiples to value equity, how the	
	price to earnings multiple relates to fundamentals, and the use of	I I a ma a ma a da
	multiples based on comparable.	Homework
10	j: Calculate and interpret the following multiples: price to earnings, price to	for Decision (
	an estimate of operating cash flow, price to sales, and price to book	Reading 6
	value	
	k: Describe enterprise value multiples and their use in estimating equity	
	value.	
	1: Describe asset-based valuation models and their use in estimating equity	



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	value m: Explain advantages and disadvantages of each category of valuation model.	
	Reading 7# Portfolio Management: An Overview	
	Module 1: Portfolio Management Process	
	a: Describe the portfolio approach to investing	
	b: Describe types of investors and distinctive characteristics and needs of	Homework
	each	for
11	c: Describe defined contribution and defined benefit pension plans	Reading 7
	Module 2: Asset Management and Pooled Investments	
	d: Describe aspects of the asset management industry	
	e: Describe mutual funds and compare them with other pooled investment	
	products	
	Reading 8# Portfolio Risk and Return: Part I	
	Module 1: Returns Measures	
	a. calculate and interpret major return measures and describe their	
	appropriate uses.	
	b. describe characteristics of the major asset classes that investors consider	
	in forming portfolios.	
	Module 2: Covariance and Correlation	1
	c. calculate and interpret the mean, variance, and covariance (or	Homework
10	correlation) of asset returns based on historical data.	for
12	d. explain risk aversion and its implications for portfolio selection.	Reading 8
	Module 3: The Efficient Frontier	
	e. calculate and interpret portfolio standard deviation.	
	f. describe the effect on a portfolio's risk of investing in assets that are less	
	than perfectly correlated.	
	g. describe and interpret the minimum-variance and efficient frontiers of	
	risky assets and the global minimum-variance portfolio.	
	h. explain the selection of an optimal portfolio, given an investor's utility	
	(or risk aversion) and the capital allocation line.	
	●Reading 9# Portfolio Risk And Return: Part II	
	Module 1: Systematic Risk and Beta	
	a: Describe the implications of combining a risk-free asset with a portfolio	
	of risky assets	
	b: Explain the capital allocation line (CAL) and the capital market line	
13	(CML)	
	c: Explain systematic and nonsystematic risk, including why an	
	investor should not expect to receive additional return for bearing	
	nonsystematic risk	
	d: Explain return generating models (including the market model) and their	
	uses	
	e: Calculate and interpret beta	
	Module 2: The CAPM and the SML	
14	f: Explain the capital asset pricing model (CAPM), including its	Homework
	assumptions, and the security market line (SML)	for
	g: Calculate and interpret the expected return of an asset using the CAPM	Reading 9
	h: Describe and demonstrate applications of the CAPM and the SML	
	i: Calculate and interpret the Sharpe ratio, Treynor ratio, M2, and Jensen's	
	alpha	



15	 Reading 10# Portfolio Planning and Construction Reading 11# The behavioral Biases of Individuals Reading 12# Introduction to Risk Management Reading 13# Technical Analysis Reading 14# Fintech in Investment Management 	Homework for Reading 10/11/12/13 /14
16	Presentation	
17	Revision	

Note: Some chapters or sections may leave for self-study, this is the students' duty to learn and understand, they may also be included in the quizzes or exams. A review in Chinese may be held during L.C. and O.H. in the semester.

Teacher's Office Hour

•The instructor's office hour is shown in the front of the office door.

- Students are suggested to use the instructor's office hour and learning center to ask questions or talk with the instructor once at least per week for good communication and effective learning, which is recorded in the students' participation.
- •The time can be scheduled by instructors or students, or both.

Cheating and Plagiarism

Cheating is not tolerated. Any student caught cheating on a quiz; test or exam will be given a mark of zero (0) for the particular work. At the beginning of the semester the definition of plagiarism will be carefully explained, when any thoughts or writings of another person are used, they must be clearly identified (usually one uses quotation marks) and the source notes. If any student is caught cheating on any homework assignment, the highest score the student can earn in that course is a "C".

Important Dates

Midterm Test	Week 9 or 10
Final Exam	Week 18 or 20 (Refer to the notice of the Academic Affairs Office)

Note: This syllabus is tentative and may be changed or modified throughout the semester. All students will be notified and a new syllabus will be given.

Instructor: <u>Wei Manqiu</u>

Department Head:_____
