

Capital University of Economics and Business

Overseas Chinese College

Course Syllabus

<u>Year and Semester</u>	2022 Spring (Feb 27, 2022— July 17, 2022)
<u>Course Name</u>	Equity Investment and Portfolio Management
<u>Course Code</u>	FI303
<u>Course Type</u>	<input type="checkbox"/> General Education (Required) <input type="checkbox"/> General Education (Elective) <input type="checkbox"/> Professional Course (Required) <input checked="" type="checkbox"/> Professional Course (Elective) <input type="checkbox"/> Basic Disciplinary Course
<u>Course Credits</u>	3
<u>Course Hours</u>	48
<u>Prerequisites</u>	Finance
<u>Instructor</u>	Xiaoshu Qin
<u>Contact Information</u>	Office: C203 Tele: (010)8395 1085 Email: xiaoshumt@126.com
<u>Office Hour</u>	M9:55-12:20/T8:50-9:35/W9:55-10:40/F13:30-14:15
<u>Learning Centre</u>	M15:25-17:00/M18:00-20:00
<u>Grade/Section</u>	2019ACCA Y01&Y02
<u>Course Time/Place</u>	Y01 F9:55-12:20/BX206 Y02 T9:55-12:20/BX206

Textbook

Zvi Bodie, *Investment, 10th Edition*, China Machine Press, Beijing, ISBN: 978-7-111-58160-4

Reference Books

1. Stephen A. Ross. *Corporate Finance, 11th Edition*, China Machine Press, Beijing, ISBN: 978-7-111-58856-6

Course Description

The aim of this course is to develop students' ability to apply modern portfolio management skills, to acquire the basic knowledge and theory. Core areas covered in this course include modern portfolio management theory and practice, capital market equilibrium, fixed-income securities valuation, equity and derivatives securities analysis, performance evaluation and practical issues in the process of portfolio management.

Student Learning Objectives

After learning this course, students should be able to:

Knowledge:

- Discuss major players in the financial markets and main types of securities traded in those markets;
- Explain the core of modern portfolio theory and the implications of that theory for the equilibrium structure of expected rates of return on risky assets;
- Conduct fixed-income securities pricing, equity securities and derivative securities valuation;
- Discuss several topics important for portfolio managers, including performance evaluation,

international diversification, active management and practical issues in the process of portfolio management.

Capability

- ◆ evaluate risk and return
- ◆ build optimal portfolios
- ◆ evaluate portfolio performance
- ◆ advise on alternative portfolios, in both a domestic and international context

Mindset

- ◆ establish the integrity and objectivity in investing workplace
- ◆ be logical, ethical, methodical, consistent and accurate
- ◆ apply critical thinking in the process of decision making

Website Source

- 1 <http://www.cmegroup.com/>
2. <https://www.bbwc.cn/>
3. <http://www.ftchinese.com/>

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
Final Exam	20%	A cumulative final examination will be given based on all of the contents of the class. The exam paper may be composed of multiple-choice 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.
Mid-Term Test	20%	A cumulative midterm test will be given based on all of the contents that have been taught in class. The test paper may be mainly composed of multiple-choice questions and long-constructed questions.
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.
Quizzes	15%	There will be at least 2 quizzes during the semester. Quizzes may or may not be announced in advance. It may also be used as a way to check the attendance. Quizzes will test your knowledge of both concepts and the application of those concepts.
Presentation	10%	The students will be divided into several groups to prepare a presentation. Each student is required to be involved in the presentation. The topics can be selected from the textbook or lectures or course 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.
Participation	10%	Individuals will be asked to participate individually in a question and 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%
Midterm test	20%	
Final exam		40%
Total	40%	60%

Grading Policy

A+ 97-100	A 93-96	A- 90-92	B+ 87-89	B 83-86	B- 80-82
C+ 75-79	C 70-74	C- 67-69	D+ 63-66	D 62-60	F 0-59

Exam Schedule

Sophomore and Junior students' Final Exam: June 20-24, 2022

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.

Topical Course Outline

Week	Date	Topics	Homework
1	Feb.28- Mar.6	<ul style="list-style-type: none"> ● Syllabus ● Chapter 5 Risk, Return, and the Historical Record 1 Comparing Rates of Return for Different Holding Periods 2 Risk and Risk Premium 3 Time Series Analysis of Past Rates of Return 4 Deviations from Normality and Risk Measures 5 Historic Returns and Risky Portfolio <p>Mindset: Investors face a trade-off between risk and expected return. Historical data confirm our intuition that assets with low degrees of risk provide lower returns on average than do those of higher risk. Appropriate decision rule protects wealth of the entire society. Risk should be considered when seeking profit. Life without goals is chaotic, so as to stimulate students to set up goals at all stages of life and strive for the ideal goals.</p>	Self-study: Chapter 1&2&3&4
2	Mar.7-13	<ul style="list-style-type: none"> ● Chapter 6 Capital Allocation to Risky Assets 1 Risk and Risk Aversion 2 Capital Allocation across Risky and Risk-Free Portfolios 3 Portfolios of One Risky Asset and a Risk-Free Asset 4 Risk Tolerance and Asset Allocation 5 Passive Strategies: The Capital Market Line <p>Mindset: Combined with the hot issues in different periods, the content related to the course is selected. To encourage student to have critical thinking by allocating capital to risky assets. To understand the existence of a portfolio management industry in the face of personal investor preferences, we need insight into the nature of risk aversion. To be aware of what is happening in the market.</p>	

3	Mar.14-20	<p>● Chapter 7 Optimal Risky Portfolios</p> <p>1 Diversification and Portfolio Risk 2 Portfolios of Two Risky Assets 3 Asset Allocation with Stocks, Bonds, and Bills 4 The Markowitz Portfolio Optimization Model</p> <p>Mindset: Connected with practice and financial news, students are encouraged to discuss potential gains from simple diversification into many assets. Students are motivated to have insight into the power of diversification by drawing an analogy between it and the workings of the insurance industry.</p>	
4	Mar.21-27	<p>● Chapter 8 Index Models</p> <p>1 Single-Factor Security Market 2 Single-Index Model 3 Portfolio Construction and Single-Index Model 4 Practical Aspects of portfolio Management with Index Model</p> <p>Mindset: This chapter illustrates how to use the index model by constructing an optimal risky portfolio using a small sample of firms. The history cannot fully represent the future. To be prudent to give out any recommendations and to fully incorporate new information, accuracy of data estimations should be improved. Everyone should be accountable to their behavioral.</p>	
5	Mar.28- Apr.3	<p>● Chapter 9 The Capital Asset Pricing Model</p> <p>1 The Capital Asset Pricing Model 2 Assumptions and Extensions of the CAPM</p>	
6	Apr.4-10	<p>● Qing Ming Festival</p> <p>● Chapter 10 Arbitrage Pricing Theory and Multifactor Models of Risk and Return</p> <p>1 Multifactor Models 2 Arbitrage Pricing Theory 3 The APT, the CAPM, and the Index Model 3 Multifactor APT 4 Fama-French (FF) Three-Factor Model</p> <p>Mindset: Remind students to pay attention to the risk of securities investment in the future, carefully evaluate and select factors, do not put all the eggs in one basket, and carefully manage capital.</p>	Self-study: Chapter 11&12&13
7	Apr.11-17	● Revision	
8	Apr.18-24	● Quiz & Revision	
9	Apr.25- May.1	● Midterm Test (tentative)	
10	May.2-8	<p>● Labor Day Holiday</p> <p>● Chapter 24 Portfolio Performance Evaluation</p> <p>1 Conventional Theory of Performance Evaluation 2 Performance Measurement for Hedge Funds 3 Performance Measurement with Changing Portfolio Composition 4 Market timing 5 Style analysis</p>	

		<p>6 Performance Attribution Procedures</p> <p>Mindset: By sharing some successful experience, students' desire for successful investment are stimulated. Students are trained to think in an orderly way, to develop the habit of evaluation of some investment alternatives and provide some guidance for future personal investment.</p>	
11	May.9-15	<p>● Chapter 25 International Diversification</p> <p>1 Global Markets for Equities 2 Risk Factors in International Investing 3 International Investing: Risk, Return, and Benefits from Diversification 4 Assessing the Potential of International Diversification 5 International Investing and Performance Evaluation</p> <p>Mindset: Global diversification offers opportunities for improving portfolio risk–return tradeoffs. To have deep insight into passive and active investment styles in the international context. Students are encouraged to have more comprehensive and neutral understanding of the international investment world.</p>	
12	May.16-22	<p>● Chapter 26 Hedge Funds</p> <p>1 Hedge Funds versus Mutual Funds 2 Hedge Funds Strategies 3 Portfolio Alpha 4 Style analysis for Hedge Funds 5 Performance Measurement for Hedge Funds 6 Fee structure in Hedge Funds</p> <p>Mindset: Risk management concerns people's livelihood, social stability and harmony, the realization of the interests of the masses, and has strong practicality and applicability. We should cultivate students' risk awareness, help students to master the basic skills and potential awareness of risk management.</p>	
13	May.23-29	<p>● Chapter 27 The Theory of Active Portfolio Management</p> <p>1 Optimal Portfolios and Alpha Values 2 The Treynor-Black Model and Forecast Precision 3 The Black-Litterman Model 4 Treynor-Black versus Black-Litterman: Complements, Not Substitues 5 The Value of Active Management</p> <p>Mindset: By optimizing the risk and return evaluation technology, interest risks are minimized or transferred, so that competitive advantages of companies could be maintained to allow for better cash planning.</p> <p>By allowing for flexible views about the expected returns of asset classes to improve asset allocation, students are motivated to look into the potential profitability of security analysis and end with concluding remarks. Individual investors are able to have relatively mature investment.</p>	

14	May.30- June.5	● Quiz & Revision	
15	June.6-12	● Presentation	
16	June.13-19	● Presentation	

Note: In the first three weeks, Xuexitong, Tencent Meeting and WeChat group will be used as main teaching methods. WeChat group will be mainly used to inform students of daily study activities and tasks. Xuexitong and Tencent Meeting will be used as main platform to organize study activities. When school reopen Xuexitong will be used to release learning materials.

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

Spring Semester, 2022	Feb 27, 2022— July 17, 2022
Feb. 27	Registration
Feb. 28	Classes Begin
Mar.4	Last Day to Drop or Add a Course
Apr.5	Qing Ming Festival
Apr.22	Spring Sports
Apr.25-29	Midterm Test (tentative)
May 1	Labor Day
June 3	Dragon-Boat Festival
June 20-24	Sophomore and Junior students' Final Exam
June 27-July17	Sophomore and Junior students' Social Practice
July 11-15	Revision and Final Exam Period
July 18	Summer Vacation Begins

***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: Xiaoshu Qin

Department Head: _____

