首都经济贸易大学
CAPITAL UNIVERSITY OF ECONOMICS AND BUSINESS

Capital University of Economics and Business
Overseas Chinese College
Course Syllabus

Year and Semester	2019 Fall (September 2, 2019 – January 12, 2020)
Course Name	Equity Investment and Portfolio Management
Course Code	FIM418
Course Type	☐ General Education (Required) ☐ General Education (Elective)
	☐ Professional Course (Required) ☑ Professional Course (Elective)
	☐ Basic Disciplinary Course
Course Credits	4
Course Hours	68
Prerequisites	Introduction to Finance
Instructor	Manqiu Wei (Eunice Wei)
Contact Information	Office: C203
	Tele: (010)8395 1085
	Email:eunicewei2013@163.com
Office Hour	T:11:00-12:00; 15:30-16:30; TH: 13:30-15:30; F: 15:30-17:30.
Learning Centre	M: 13:30-15:30; M: 18:00-20:00.
Grade/Section	2017CFA/Y01
Course Time/Place	T: 13:30—15:20 / A108 F: 13:30—15:20 / A108

Textbook

SchweserNotes 2019 Level I CFA Book 4: *Corporate Finance, Portfolio Management, and Equity Investments*, by Kaplan, Inc. USA. ISBN: 978-1-4754-7874-7

Reference Books

1. CFA Institute, *Equity and Fixed Income Investments, CFA Program Curriculum, Volume5*, 2019, Wiley Press, USA, ISBN: 978-1-944250-42-3

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 characteristics of equity investments, security markets, and indexes; analysis of industries, companies, and equity securities; and basic equity valuation models; as well as modern portfolio theory, portfolio risk and return measures, and basics of portfolio planning and construction.

Student Learning Objectives

After completing this course, students should be able to:

➢ Describe equity market organization and structure;

- ➢ Explain and calculate security market indexes;
- ➢ Discuss different forms of market efficiency and the implications for investment analysis;
- ➢ Describe various types of equity securities, as well as industry and company analysis;
- ➢ Apply main equity valuation models to estimate equity values;
- ➢ Explain the concept of a portfolio approach to investment;
- ➢ Discuss various types and measures of portfolio risk and return;

Website Source

1. http:// www.sse.com.cn   Shanghai Stock Exchange
2. http://www.szse.cn/   Shenzhen Stock Exchange
3. https://www.hkex.com.hk/   Hong Kong Exchanges
4. https://www.nyse.com/index   New York Stock Exchange
5. https://www.londonstockexchange.com/   London Stock Exchange
6. http://www.csrc.gov.cn/pub/newsite/   中国证券监督管理委员会 CHINA SECURITIES REGULATORY COMMISSION
7. https://finance.sina.com.cn/   sina 新浪财经

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 it should be completed within 50 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.
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		20%
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

Midterm Test: Oct.28- Nov.1, 2019;

Final Exam: January 1-10, 2020

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
1	Sep. 3	● **Syllabus** ● **Reading 44 Market Organization And Structure** 44.a: Explain the main functions of the financial system 44.b: Describe classifications of assets and markets. 44.c: Describe the major types of securities, currencies, contracts, commodities, and real assets that trade in organized markets, including their distinguishing characteristics and major subtypes 44.d: Describe types of financial intermediaries and services that they provide
	Sep. 6	44.e: Compare positions an investor can take in an asset 44.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. 44.g: Compare execution, validity, and clearing instructions. — Summary ** Bilingual
2	Sep. 10	44.h: Compare market orders with limit orders. 44.i: Define primary and secondary markets and explain how secondary markets support primary markets 44.j: Describe how securities, contracts, and currencies are traded in quote driven, order-driven, and brokered markets
	Sep. 13	— Mid-Autumn Festival (tentative)
3	Sep. 17	44.k: Describe characteristics of a well-functioning financial system 44.l: Describe objectives of market regulation — Summary ** Bilingual

	Sep. 20	— Comprehensive Exercises and explanations
4	Sep. 24	● **Reading 45 Security Market Indexes** 45.a: Describe a security market index 45.b: Calculate and interpret the value, price return, and total return of an index 45.c: Describe the choices and issues in index construction and management 45.d: Compare the different weighting methods used in index construction 45.e: Calculate and analyze the value and return of an index given its weighting method 45.f: Describe rebalancing and reconstitution of an index
	Sep. 27	45.g: Describe uses of security market indexes 45.h: Describe types of equity indexes 45.i: Describe types of fixed-income indexes 45.j: Describe indexes representing alternative investments 45.k: Compare types of security market indexes — Summary ** Bilingual
5	Oct.1	— (National Day Holiday)
	Oct.4	— (National Day Holiday) (tentative)
6	Oct.8	— Comprehensive Exercises and explanations for reading 45
	Oct.11	● **Reading 46 Market Efficiency** 46.a: Describe market efficiency and related concepts, including their importance to investment practitioners 46.b: Distinguish between market value and intrinsic value 46.c: Explain factors that affect a market's efficiency 46.d: Contrast weak-form, semi-strong-form, and strong-form market efficiency. 46.e: Explain the implications of each form of market efficiency for fundamental analysis, technical analysis, and the choice between active and passive portfolio management 46.f: Describe market anomalies 46.g: Describe behavioral finance and its potential relevance to understanding market anomalies — Summary ** Bilingual
7	Oct.15	— Comprehensive Exercises and explanations for reading 46
	Oct.18	● **Reading 47 Overview Of Equity Securities** 47.a: Describe characteristics of types of equity securities 47.b: Describe differences in voting rights and other ownership characteristics among different equity classes 47.c: Distinguish between public and private equity securities 47.d: Describe methods for investing in non-domestic equity securities
8	Oct.22	47.e: Compare the risk and return characteristics of different types of equity securities 47.f: Explain the role of equity securities in the financing of a company's assets 47.g: Distinguish between the market value and book value of equity securities 47.h: Compare a company's cost of equity, its (accounting) return on equity, and investors' required rates of return — Summary ** Bilingual
	Oct.25	— Comprehensive Exercises and explanations for reading 47
9	Oct.29	● **Reading 48 Introduction To Industry And Company Analysis** 48.a: Explain uses of industry analysis and the relation of industry analysis to company analysis 48.b: Compare methods by which companies can be grouped, current industry classification systems, and classify a company, given a description of its activities and the classification system 48.c: Explain the factors that affect the sensitivity of a company to the business cycle and the uses and limitations of industry and company descriptors such as growth,defensive and cyclical‖

		48.d: Explain how a company's industry classification can be used to identify a potential —peer group‖ for equity valuation
		48.e: Describe the elements that need to be covered in a thorough industry analysis
	Nov.1	48.f: Describe the principles of strategic analysis of an industry 48.g: Explain the effects of barriers to entry, industry concentration, industry capacity, and market share stability on pricing power and price competition
		48.h: 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
		48.i: Compare characteristics of representative industries from the various economic sectors
		48.j: Describe macroeconomic, technological, demographic, governmental, and social influences on industry growth, profitability, and risk
		48.k: Describe the elements that should be covered in a thorough company analysis
		— Summary ** Bilingual
		— Comprehensive Exercises and explanations for reading 48
10	Nov. 5	● **Midterm Test** Explanation of Solutions to midterm test questions
	Nov. 8	● **Reading 49 Equity valuation**
		49.a: Evaluate whether a security, given its current market price and a value estimate, is overvalued, fairly valued, or undervalued by the market
		49.b: Describe major categories of equity valuation models 49.c: Describe regular cash dividends, extra dividends, stock dividends, stock splits, reverse stock splits, and share repurchases
		49.d: Describe dividend payment chronology
		49.e: Explain the rationale for using present value models to value equity and describe the dividend discount and free cash flow to equity models
11	Nov. 12	49.f: Calculate the intrinsic value of a non-callable, non-convertible preferred stock
		49.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
		49.h: Identify characteristics of companies for which the constant growth or a multistage dividend discount model is appropriate
		49.i: Explain the rationale for using price multiples to value equity, how the price to earnings multiple relates to fundamentals, and the use of multiples based on comparables.
		— Summary ** Bilingual
	Nov. 15	49.j: Calculate and interpret the following multiples: price to earnings, price to an estimate of operating cash flow, price to sales, and price to book value
		49.k: Describe enterprise value multiples and their use in estimating equity value.
		49.l: Describe asset-based valuation models and their use in estimating equity value
		49.m: Explain advantages and disadvantages of each category of valuation model.
		— Summary ** Bilingual
12	Nov.19	— Comprehensive Exercises and explanations for reading 49
	Nov. 22	● **Reading 38 Portfolio Management: An Overview**
		38.a: Describe the portfolio approach to investing
		38.b: Describe types of investors and distinctive characteristics and needs of each
		38.c: Describe defined contribution and defined benefit pension plans
		38.d: Describe the steps in the portfolio management process
		38.e: Describe mutual funds and compare them with other pooled investment products
		— Summary ** Bilingual
13	Nov. 26	● **39. Portfolio Risk and Return: Part I**
		39.a. calculate and interpret major return measures and describe their appropriate uses.
		39.b. describe characteristics of the major asset classes that investors consider in forming portfolios.

		39.c. calculate and interpret the mean, variance, and covariance (or correlation) of asset returns based on historical data. 39.d. explain risk aversion and its implications for portfolio selection.
	Nov. 29	39.e. calculate and interpret portfolio standard deviation. 39.f. describe the effect on a portfolio's risk of investing in assets that are less than perfectly correlated. 39.g. describe and interpret the minimum-variance and efficient frontiers of risky assets and the global minimum-variance portfolio. 39.h. explain the selection of an optimal portfolio, given an investor's utility (or risk aversion) and the capital allocation line. — Summary ** Bilingual
14	Dec. 3	— Comprehensive Exercises and explanations for reading 39
	Dec. 6	●**Reading 40 Portfolio Risk And Return: Part II** 40.a: Describe the implications of combining a risk-free asset with a portfolio of risky assets 40.b: Explain the capital allocation line (CAL) and the capital market line (CML) 40.c: Explain systematic and nonsystematic risk, including why an investor should not expect to receive additional return for bearing nonsystematic risk 40.d: Explain return generating models (including the market model) and their uses — — Summary ** Bilingual
15	Dec. 10	40.e: Calculate and interpret beta 40.f: Explain the capital asset pricing model (CAPM), including its assumptions, and the security market line (SML) 40.g: Calculate and interpret the expected return of an asset using the CAPM 40.h: Describe and demonstrate applications of the CAPM and the SML 40.i: Calculate and interpret the Sharpe ratio, Treynor ratio, M2, and Jensen's alpha — Summary ** Bilingual
	Dec. 13	— Comprehensive Exercises and explanations for reading 40
16	Dec. 17	— Revision ** Bilingual
	Dec. 18	— Presentation
17	Dec. 24	— Presentation
	Dec. 27	— 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

Fall Semester, 2019	September 2, 2019 – January 12, 2020
Sept. 2	Classes Begin
Sept.13	Mid-Autumn Festival (tentative)
Oct.1	National Day Holiday (tentative)
Oct.28- Nov.1	Midterm Test (tentative)
Jan.1, 2020	New Year's Day Holiday
Jan. 1-10	Final Exam Period

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: __Eunice Wei_____   **Department Head:** _____

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