Capital University of Economics and Business
Overseas Chinese College
Course Syllabus

Year and Semester	2024 Fall
Course Name	Equity Investments and Portfolio Management
Course Code	CFA305
Course Type	☐ General Education (Required) ☐ General Education (Elective) ☐ Basic Disciplinary Course ☐ Professional Course (Required) ☑ Professional Course (Elective) ☐ Professional Course (Expanded) ☐ Professional Course (Advanced)
Course Credits	4
Course Hours	Total Class Hours: 68 Lecture Hours: 68 Experiment (Computer) Hours: 0
Applicable object	☐ Freshman ☐ Sophomore ☑ Junior ☐ Senior ☐ Business Administration (Accounting) ☑ Information Management and Information Systems (Finance)
Prerequisites	Principal of Accounting
Instructor	Wei Manqiu
Contact Information	Office: C203 Tele: 010 8395 1085 Email: weimanqiu@cueb.edu.cn
Office Hour	M 11:35-12:20, 13:30-15:05；T 11:35-12:20, 13:30-14:15；F11:35-12:20;
Learning Centre	W 18:00-20:00 (online); F 9:55-11:30;
Grade/Section	2022CFA
Course Time/Place	M 15:25-17:00 /A105, W 9:55-11:30 /A106;
Textbook	Schweser Notes, 2022 Level I CFA, Kaplan Inc. USA Book 3: Equity Investments, Book 5: Portfolio Management

Reference Book

1. CFA Institute, Equity Investments, Portfolio Management, 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 equity securities analysis and basic principles of portfolio management, and to help students develop knowledge and skills required of a financial analyst. 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:

Knowledge	◆ Describe equity market organization and structure; ◆ Explain and calculate security market indexes; ◆ Describe various types of equity securities, as well as industry and company analysis; ◆ Explain the concept of a portfolio approach to investment; ◆ Describe behavioral biases of individuals;
Capability	◆ Discuss different forms of market efficiency and the implications for investment analysis; ◆ Apply basic equity valuation models to estimate equity values; ◆ Discuss various measures of portfolio risk and return;
Mindset	◆ Act with integrity, respect, and in an ethical manner in the finance field; ◆ 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. 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/   China Securities Regulatory Commission

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
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 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.
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%
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.

Topical Course Outline（original）

Week	Topics	Platform	Homework
1	● **Syllabus** ● Course introduction **Section One: Equity Investments** ● **Reading 1# Market Organization and Structure** **Module 1 Markets, assets, and intermediaries** a: Explain the main functions of the financial system b: Describe classifications of assets and markets. c: Describe the major types of finanical securities d: Describe types of financial intermediaries and services that they provide **Module 2 Positions and leverage** 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.	Tencent Meeting, Xuexitong &Wechat group	
2	**Module 3 Order execution and validity** g: Compare execution, validity, and clearing instructions. h: Compare market orders with limit orders. i: Define primary and secondary markets and explain how secondary markets support primary markets j: Describe how securities, contracts, and currencies are traded in quote driven, order-driven, and brokered markets	Tencent Meeting, Xuexitong &Wechat group	Homework for Reading 1

	k: Describe characteristics of a well-functioning financial system l: Describe objectives of market regulation		
3	● **Reading 2# Security Market Indexes** **Module 1 Index weighting methods** 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 d: Compare the different weighting methods used in index construction e: Calculate and analyze the value and return of an index given its weighting method	Tencent Meeting, Xuexitong &Wechat group	
4	**Module 2 Uses And Types of Indexes** f: Describe rebalancing and reconstitution of an index g: Describe uses of security market indexes h: Describe types of equity indexes i: Describe types of fixed-income indexes j: Describe indexes representing alternative investments k: Compare types of security market indexes	Classroom, Xuexitong &Wechat group	Homework for Reading 2
5	**National Day Holiday**		
6	● **Reading 3# Market Efficiency** a: Describe market efficiency and related concepts, including their importance to investment practitioners b: Distinguish between market value and intrinsic value c: Explain factors that affect a market's efficiency d: Contrast weak-form, semi-strong-form, and strong-form market efficiency. e: Explain the implications of each form of market efficiency for fundamental analysis, technical analysis, and the choice between active and passive portfolio management f: Describe market anomalies g: Describe behavioral finance and its potential relevance to understanding market anomalies ● **Reading 4# Overview Of Equity Securities** **Module 1 types of equity investments** a: Describe characteristics of types of equity securities b: Describe differences in voting rights and other ownership characteristics among different equity classes c: Distinguish between public and private equity securities **Module 2 Foreign equity and equity risk** d: Describe methods for investing in non-domestic equity securities e: Compare the risk and return characteristics of different types of equity securities f: Explain the role of equity securities in the financing of a company's assets g: Contrast the market value and book value of equity securities h: Compare a company's cost of equity, its (accounting) return on equity, and investors' required rates of return	Classroom, Xuexitong &Wechat group	Homework for Reading 3, Homework for Reading 4
7	● **Reading 5# Introduction To Industry And Company Analysis** **Module 1 Industry analysis** a: Explain uses of industry analysis b: Compare methods by which companies can be grouped	Classroom,	Homework for Reading 5

	c: Explain the factors that affect the sensitivity of a company to the business cycle d: 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 group‖ for equity valuation f: Describe the elements to be covered in a thorough industry analysis g: Describe the principles of strategic analysis of an industry **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 -- Comprhensive exercises	Xuexitong &Wechat group	
8	● **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 **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	Classroom, Xuexitong &Wechat group	
9	**Module 3 Relative valuation measures** i: Explain the rationale for using price multiples to value equity j: Calculate and interpret the multiples: price to earnings, price to an estimate of operating cash flow, price to sales, and price to book value k: Describe enterprise value multiples and their use in estimating equity value. l: Describe asset-based valuation models and their use in estimating equity value m: Explain advantages and disadvantages of each category of valuation model. ● **Midterm Test**	Classroom, Xuexitong &Wechat group	Homework for Reading 6

10	**Section Two: Portfolio Management** ● **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 each c: Describe defined contribution and defined benefit pension plans **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	Classroom, Xuexitong &Wechat group	Homework for Reading 7
11	● **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** c. calculate and interpret the mean, variance, and covariance (or correlation) of asset returns based on historical data. d. explain risk aversion and its implications for portfolio selection. **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.	Classroom, Xuexitong &Wechat group	Homework for Reading 8
12	●**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 (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	Classroom, Xuexitong &Wechat group	
13	e: Calculate and interpret beta **Module 2: The CAPM and the SML** f: Explain the capital asset pricing model (CAPM), including its assumptions, and the security market line (SML) g: Calculate and interpret the expected return of an asset using the CAPM 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	Classroom, Xuexitong &Wechat group	Homework for Reading 9
14	●Reading 10# Portfolio Planning and Construction ●Reading 11# The behavioral Biases of Individuals	Classroom	Homework for Reading

			10/11/12
15	●Reading 13# Technical Analysis ●Reading 14# Fintech in Investment Management	Classroom	Homework for Reading 13/14
16	Presentation	Classroom	
17	Revision	Classroom	

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:　Wei Manqiu　　** **Department Head:＿＿＿＿＿＿＿＿＿

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