

Course unit title:	Investment Analysis, Portfolio Theory & Management		
Course unit code:	AFIN306		
Type of course unit:	Business Elective		
Level of course unit:	Bachelor (1 st Cycle)		
Year of study:	4		
Semester when the unit is delivered:	8 (Spring)		
Number of ECTS credits allocated :	6		
Name of lecturer(s):	Dr. Nicos Koussis		
Learning outcomes of the course unit:	<ol style="list-style-type: none"> 1. Describe of the investment environment, markets and institutions 2. Apply portfolio theory analysis using expected returns, risk and explain the concept of diversification 3. Calculate the value of stocks using alternative models based on dividend and future free cash flows and use traditional models of optimal capital structure. 4. Explain and apply the theory of market efficiency in different settings 5. Describe other types of financial instruments like forwards, futures and swaps and their role in hedging risk 6. Explain the characteristics of fixed-income securities and the impact of different forms of uncertainty affecting fixed-income securities 7. Explain use of matrix analysis for portfolio optimization and use of programming software for optimizations 		
Mode of delivery:	Face-to-face		
Prerequisites:	AFIN101, AFIN102	Co-requisites:	None
Recommended optional program components:	None		
Course contents:	<p>An overview of financial markets: The investment environment and distinction between real and financial assets, the players of the financial system (households, business and government sector) and their role, the money market, the bond and derivative market structure and their role, the security trading process, mutual funds and other investment companies</p> <p>Portfolio theory: Means, variances and correlations of assets, feasible investment set, minimum variance set and efficient set, investor preferences in mean-variance space and the concept of diversification, portfolio optimization and optimal capital allocation</p> <p>Stock Valuation and market efficiency: dividend discount model, Discounted free cash flow approach and CAPM, implications of market efficiency under its different forms</p> <p>Derivatives and their use: the characteristics of derivative securities, different types of derivative securities and their use, risk management use of derivative securities</p> <p>Fixed income securities: List of bond characteristics, different types of government and corporate bonds, option provisions embedded in bond contracts, present value formulas for bond pricing, the term-structure of interest rates and interest uncertainty, managing bond portfolios based on duration and immunization</p>		

	Portfolio optimization using matrix algebra and using programming software: Explain implementation of portfolios with matrices, Minimum variance and efficient portfolios using optimization, Formulation using R programming
Recommended and/or required reading:	Copeland, T., F. Weston , K. Shastri Financial Theory and Corporate Policy , Addison-Wesley, 2004 J. Hull Options, Futures and Other Derivatives , Pearson-Prentice Hall, 2006
Textbooks:	Bodie Z., Kane A. and Alan Marcus Investments , 6 th Edition, McGraw-Hill, 2004 Brealey, R., Myers, S., and F.Allen, Principles of Corporate Finance , McGraw Hill, 12 th edition
References:	
Planned learning activities and teaching methods:	The taught part course is delivered to the students by means of lecturers, conducted with the help of computer presentations and the use of the board. Lecture notes and other course material like spreadsheet examples are available to students through the web.
Assessment methods and criteria:	<ul style="list-style-type: none"> • Test 40% • Final Exam 60%
Language of instruction:	English
Work placement(s):	No