



INSTITUTE OF BUSINESS & MANGEMENT (IB&M)
UNIVERSITY OF ENGINEERING AND TECHNOLOGY (UET),
LAHORE

COURSE OUTLINE

Course: **Investment and Portfolio Management**

Course Code: **MGT 454**

Semester: **VIII**

Class: **BBA (Hons) 2016**

Credit Hours: **3**

Total hours: $16 \times 3 = 48$

Instructor: **Dr. Kanwal Iqbal Khan**

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Pre-requisite (if any): Basic knowledge of financial management and corporate finance

Office Hours: Thurs, 12:00-03:00pm

Course Introduction:

The objective of the course is to study theory and empirical evidence relevant for portfolio management. An emphasis is placed on understanding how an investment professional would allocate funds in a hypothetical portfolio. Major topics include estimation of capital market parameters, trade-off between risk and return, optimal portfolio selection, equilibrium asset pricing models, and delegated portfolio management. Emphasis will be put on development of techniques that should be part of the tool kit of those interested in becoming professional investors and/or researchers in finance.

The course material is tilted heavily towards understanding the financial markets. Students will be able to understand fundamental and technical analysis and to implement it in practical scenario particularly in designing their own portfolios. This course is designed to primarily address the needs of advanced students in a BBA program.

Course Methodology

The lectures will focus on the major points introduced in the textbook. The lectures will provide general background information on the topics covered and may not necessarily be specific to the homework problems, projects, and cases assigned. Prior to class you should read the relevant material in the textbook, the PowerPoint slides, and any additional assigned readings. You are encouraged to ask questions and to be an active participant in class.

Learning objectives

At the successful completion of this course, students will be able to:

1. Demonstrate understanding of the nature and operations of capital markets and trading of securities and other investment vehicles.
2. Demonstrate understanding of the theoretical underpinnings of investment analysis and portfolio concepts within the context of modern portfolio theory and its extensions.
3. Demonstrate understanding of procedures involved in analyzing investment alternatives under conditions of uncertain outcomes.
4. Demonstrate application of empirical evidence, theoretical constructs, and insights from practice to manage investments.
5. Demonstrate understanding of the alternative methodologies to evaluate portfolio performance.
6. Demonstrate knowledge of derivative markets and instruments with special attention to their application in managing portfolio risk.
7. Present and defend their analysis effectively, both in oral and written forms, while working in teams as well as independently.

Sr#	Course Learning Objectives	Link with Program Learning Objectives
1.	Demonstrate understanding of the nature and operations of capital markets and trading of securities and other investment vehicles.	Use analytical and reflective thinking techniques to identify and analyze problems, develop viable alternatives, and make effective decisions.
2.	Demonstrate understanding of the theoretical underpinnings of investment analysis and portfolio concepts within the context of modern portfolio theory and its extensions.	<ol style="list-style-type: none"> a. Write effective business documents. b. Prepare and deliver effective business presentations using a variety of appropriate technologies. c. An ability to function effectively on multi-disciplinary teams
3.	Demonstrate understanding of procedures involved in analyzing investment alternatives under conditions of uncertain outcomes.	<ol style="list-style-type: none"> a. Identify and analyze ethical conflicts and social responsibility issues involving different stakeholders. b. Develop viable alternatives and make effective decisions relating to business ethics and social responsibility.
4.	Demonstrate application of empirical evidence, theoretical constructs, and insights from practice to manage investments.	<ol style="list-style-type: none"> a. Demonstrate competency in the underlying concepts, theory and tools taught in the core curriculum. b. Apply appropriate quantitative and qualitative techniques in solving business problems.
5.	Demonstrate understanding of the alternative methodologies to evaluate portfolio performance.	<ol style="list-style-type: none"> a. Identify and analyze relevant global factors that influence decision-making. b. Develop viable alternatives and make effective decisions in an international business setting.

A- Text Books

1. Jones P. Charles, Investment analysis and management
2. Reilly, F. K. & Brown, K. C. (2005). Investment Analysis and Portfolio Management (8th Ed.). Ohio, U.S.A.: South-Western College

B- Recommended Books

1. Strong Robert A., Practical investment management
2. Robert A. Haugen, Modern investment theory
3. Raves, Douglas A., Investment analysis and management
4. Gitman Lawrence J., Fundamentals of investment

C- Other Materials/ Journal/websites/videos/online sources

websites

- <http://www.psx.com.pk>
- <http://www.sbp.org.pk>
- <http://www.khistocks.com/>
- <http://www.jcrvis.com.pk/>
- <http://www.pacra.com.pk/>
- <https://www.secp.gov.pk/>

Journals

- The Journal of Finance
- The Review of Financial Studies
- Journal of Financial and Quantitative Analysis
- Review of Quantitative Finance and Accounting
- Journal of Business Finance & Accounting
- Financial Management
- Managerial Finance
- Review of Finance
- International Review of Economics & Finance
- Journal of Financial Service Research

Detailed Weekly Plan

BBA-2016

Week No.	Topics to be covered in the course	Learning Objective of this topic	Expected Outcomes for Students	Teaching Method	Assessment Criteria
1	BKM Ch 1 Investment Settings	<ul style="list-style-type: none"> • The Investment Environment 	<ul style="list-style-type: none"> • Course description & expectations • Obtain a broad understanding of how the finance industry works 	Lecture; Group Discussion	Practicing problem-solving techniques
2	Introduction BKM Ch 2	<ul style="list-style-type: none"> • Investments: Backgrounds and Issues • Asset Classes and Financial Instruments • Asset Classes and Financial Instruments: Stock and Bond Market Indexes 	<p>After completing this chapter, students will be familiar with:</p> <ul style="list-style-type: none"> • Overview of investment environment, type of financial markets, and introduction to the portfolio construction process. • Examine the various asset classes, instruments, and understand the use and construction of market indexes 	Lecture; Group discussion	Assignment 1
3	BKM Ch 3	<ul style="list-style-type: none"> • Functioning of Security Markets and Trading Mechanisms 	<ul style="list-style-type: none"> • Review the functioning of financial markets and its key players • Understand the trading practices in stock exchanges and mechanics of buying on margin and short selling • Understand the use of multiple asset classes in a portfolio 	Lecture; Group Discussion	Presentation I

4	BKM Ch 4	<ul style="list-style-type: none"> • Mutual Funds and Other Investment Companies • Mutual Funds and Other Investment Companies – Pakistani Context 	<ul style="list-style-type: none"> • Review the mutual funds industry of Pakistan. Overview of the portfolio management process. • Have a deep understanding of the mutual fund industry 	Lecture; Group Discussion	Quiz 1; Presentation II
5	BKM Ch 22	<ul style="list-style-type: none"> • Mutual funds in international context • The Investment Management Process 	<ul style="list-style-type: none"> • Understand the mechanics of trading and markets • Learn to develop Investment Policy Statement (IPS) for individual and institutional investors. • Learn to develop Investment Policy Statement (IPS) for individual and institutional investors 	Lecture; Group Discussion	Presentation III
6	BKM Ch 5, 6	<ul style="list-style-type: none"> • Risk and Return: Past and Prologue • Efficient Diversification 	<ul style="list-style-type: none"> • Review historical risk-return relationship, modern portfolio theory, and estimation of risk measures • View markets and returns in statistical terms 	Lecture	Quiz 2

7	BKM Ch 10, 11	<ul style="list-style-type: none"> Analysis of Financial Statements and Security Valuation 	<ul style="list-style-type: none"> Understand EMH and issues related to EMH Have a basic grasp of behavioral and technical analysis Have a good grasp of risks and returns of various financial instruments and strategies 	Lecture; Group discussion	Presentation IV
8	Mid-Term Examination				
9	BKM Ch 12	<ul style="list-style-type: none"> Macroeconomic and Industry Analysis 	<ul style="list-style-type: none"> Analyze the effects of macroeconomic and industry factors on firm performance and industry earning prospects over time. 	Lecture; Group discussion	Mid Term Paper Discussion
10	BKM Ch 12	<ul style="list-style-type: none"> Macroeconomic and Industry Analysis – Applications of Fundamental Analysis 	<ul style="list-style-type: none"> Understand the relevance of macroeconomic and industry factors in fundamental analysis – the Top-Down approach. Have a deep understanding of the mutual fund industry 	Lecture Group discussion	Quiz 3; Presentation V
11	BKM Ch 13	<ul style="list-style-type: none"> Equity Valuation – Discounted Cash Flow Models Equity Valuation – Other Valuation Approaches 	<ul style="list-style-type: none"> Apply discounted cash flow models and alternative approaches to value securities. Examine relative and other security valuation methodologies. 	Lecture Group discussion	Presentation VI
12	BKM Ch 8	<ul style="list-style-type: none"> The Efficient Market Hypothesis (EMH) 	<ul style="list-style-type: none"> Review empirical evidence that supports and conflicts with the efficient market hypothesis. 	Lecture Group discussion	Assignment II

13	BKM Ch 8	<ul style="list-style-type: none"> EMH Implications for Portfolio Strategies 	<ul style="list-style-type: none"> Evaluate the implications of EMH for portfolio management strategies 	Lecture Group discussion	Presentation VII
14	Class Notes & Reading	<ul style="list-style-type: none"> Investment Styles: Value versus Growth 	<ul style="list-style-type: none"> Examine the major investment styles of value and growth and their track record 	Lecture Group discussion	Final Project
15	Review and Synthesis	<ul style="list-style-type: none"> Shall be covered throughout the length of the semester under the preview of aforementioned topics. 	<ul style="list-style-type: none"> Critically evaluate theoretical research in corporate finance 	Class discussion	Project Submission
16	Final-Term Examination				

Grading Scheme:

Mid Term	30%
Final Exam	40%
Presentation(s)	05%
Assignments	10%
Class activities/participation	05%
Quizzes	10%
Total	100%

There will be a closed-book mid-term exam (minimum duration 1 hour) and final-term exam (minimum duration 1.5 hours) in which material from lectures, assigned readings/handouts, and the textbook will be covered. The exams will test your understanding of the course material and your ability to apply the concepts learned.

Prior Preparation, Regular Attendance, and Professional Participation in all classes are expected and rewarded. Come to the Class prepared to lead the class discussion for analytical interpretations, alternative strategies, and persuasive solutions.

Attendance Requirements:

- Students failing to maintain a minimum attendance of 75% in a subject during a semester shall be awarded a "WF" grade.
- It is strongly recommended that students attend every class session.

Classroom Behavior:

In a class, all cell phones must be turned off or set on "silent mode." During lectures use of mobile phone or other gadgets without the permission of instructor is not allowed.

Students Responsibilities:

The Participant is responsible for all information presented in class (unless told otherwise) and all information in the reading assignments, whether or not covered by the instructor. In case of absence, it is the participant's responsibility to get class notes, handouts, and directions from a classmate.

Honesty Policy:

A Participant found in cheating on any exam/ assignment/ project will receive no credit (i.e., no grade) for that exam/ assignment/ project.

Note: Kindly arrive on time and leave as scheduled. Quality of (almost) all communications, written and oral, will be evaluated.
