

Course Outline

FN 312 Investments

Semester 2/2019 (January 13 - May 10, 2020)

Number of credits:	3 credits (3-0-6)
Lecture Time:	Tuesday 14.00 – 17.00 hrs.
Lecture Venue:	Room 203, Faculty of Economics
Instructor:	Dr. Winai Homsombat
	Email: winai.hom@mail.kmutt.ac.th
	Office hours: By appointment

Course Description

(Curriculum 2013)

Valuation methods for fixed income instruments, equity instruments, options, and futures contracts; risk and return measurement of individual securities and portfolios, the determinants of risk and return

Prerequisites: FN201 and MA216 and BA204

Course Objectives

The objective of this course is to familiarize students with the basic science of investing, how to analyze the economy, and securities. Key concepts will include:

1. Different investment securities and how they are traded
2. The tradeoff between risk and return
3. The concept of diversification and optimal risky portfolio selection
4. Bonds and bond valuation
5. The term structure of interest rate
6. Introduction to derivative securities and general ideas in valuation of derivative contracts.

After taking this class, students should be able (among other things) to discuss investment alternatives and perform optimal portfolio selection of equity securities, to value government bonds, to value simple derivatives securities, to understand the mechanisms of trading and the institutional framework in which investment takes place. This is a class that will get students thinking about systematic investment analysis. It will also cover some material required for the CFA (Certified Financial Analyst) exam.

Main Text:

- "Investment" by Bodie, Kane, Marcus, and Jain Global Asia edition

Other Recommended Book:

- "A Random walk on Wallstreet" by Malkiel
- Daily reading of the Wallstreet journal and following news related to the stock exchange around the world and in Thailand

Tentative Teaching Schedule:

Session	Topics	Reading (Main Text)
1	Introduction and Asset Classes and Financial Instruments	Chapters 1 and 2
2	How Securities are Traded	Chapter 3
3	Mutual funds and other investment companies	Chapter 4 and 25.3
4	Learning about Return and Risk from the Historical Record	Chapter 5
5	Risk Aversion and Capital Allocation to Risky Assets	Chapter 6
6	Optimal Risky Portfolios	Chapter 7
7	Optimal Risky Portfolios (<i>Continued</i>)	Chapter 7
8	MID-TERM EXAMINATION: TUESDAY, MARCH 3, 2020 (15.00 – 17.00 HRS.)	
9	The Capital Asset Pricing Model	Chapter 9
10	Bond Prices and Yields	Chapter 14
11	The term structure of interest rates	Chapter 15
12	Options Markets: Introduction	Chapter 20
13	Option pricing	Chapter 21
14	Option pricing (<i>Continued</i>)	Chapter 21
15	The Efficient Market Hypothesis	Chapter 11
16	Futures Markets (tentative)	Chapter 22
17	FINAL EXAMINATION: TUESDAY, MAY 12, 2020 (09.00 – 12.00 HRS.)	

Course Evaluation:

The course will be assessed by pre-class reading and quizzes, after-class assignments, mid-term examination, and final examination. The pre-class reading and quizzes will be given prior to the beginning of lectures. By doing so, students are responsible for knowing any relevant materials and having some clues about what would be discussed in class. The pre-class reading and quizzes will essentially be grading student learning performance. Then, after-class assignments would be supplemented where needed. Students are not expected to miss any assignments. Any absence or overdue submission will be counted as a missed quiz or assignment. All pre-class quizzes and after- class assignments will be accessed using a web-based platform provide by Mc-Craw Hill Connect <https://connect.mheducation.com>, which is linked to our BE-moodle. The assessment criteria are detailed as follows.

Midterm exam	35%
Final exam (As given in BE calendar)	40%
Project and class participation	15%
Homework	10%

Mid-term and final examination dates are as follows.

Type of evaluation	Evaluation Method	Evaluation date
Mid-term	Closed-book Examination	Tuesday, March 3, 2020 (15.00 – 17.00 hrs.)
Final	Closed-book Examination	Tuesday, May 12, 2020 (09.00 – 12.00 hrs.)

Class policies:

- 1) Lectures will stress the most important issues addressed in the readings. You are responsible for all material covered in class and assigned readings. Lectures may go beyond the scope of the textbook. Therefore, it is important for you to attend and participate in class.
- 2) There will assignments as deemed appropriate to accommodate effective learning. Each assignment will be graded based on the quality of the analysis and the ability to apply the principles of financial management for managerial decision. Lecture notes, exercises, and guided solution to each lecture, as well as other useful materials, could be accessible from class Moodle.
- 3) You are responsible for all announcements and changes made in class. However, there will be no make- up quiz and final examination without prior consent from the instructor. If a student has a legitimate, verifiable reason (e.g., doctor's note), a separate comprehensive examination will be given.

ACADEMIC CALENDAR & HOLIDAY

Semester 2/2019

(January 13 – May 9, 2020)

Activities	Time Period
Classes Begin	January 13, 2020
Add-drop period	January 13 - 27, 2020
Tuition payment period	January 13 - 28, 2020
<i>Makha Bucha Day*</i>	<i>February 8, 2020</i>
<i>Substitution for Makha Bucha Day*</i>	<i>February 10, 2020</i>
Mid-term Examination Period	March 2 – 7, 2020
Withdrawal period with “W” on record	March 18 – 23, 2020
<i>Chakri Memorial Day*</i>	<i>April 6, 2020</i>
<i>Songkran Festival Day*</i>	<i>April 12 - 18, 2020</i>
<i>Coronation Day*</i>	<i>May 4, 2020</i>
<i>Visakha Bucha Day*</i>	<i>May 6, 2020</i>
<i>Royal Ploughing Ceremony Day*</i>	<i>May 11, 2020</i>
Last day of class for Semester 2/2019	May 9, 2020
Final exam period	May 11 – 22, 2020

* Holiday, No classes during this period

CONTACT INFORMATION

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