



B.E. International Program

Faculty of Economics, Thammasat University



Course Outline

FN 312 Investments

Semester 1/2013 (August 13 – November 30, 2013)

Number of credits: 3 credits

Lecture Time: Wednesdays, 11.00 a.m. – 2.00 p.m.

Lecture Venue: 206, 2nd floor, Faculty of Economics
Thammasat University, Tha Prachan campus

Instructor: Dr. Anchada Charoenrook

Office: Faculty of Commerce and Accountancy, Room # 555

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Facebook: To be announced

Prerequisite: (1) FN 201, (2) MA 216 and
(3) BA 204 or ST 211 or ST 216 or ST 218

Course Description

This course studies valuation methods for fixed income instruments, equity instruments, options, and future contracts. Topics to be studied also include risk and return measurement for individual security and portfolio of investment as well as the determinants of such risk and return.

Course Objectives

The objective of this course is to familiarize you 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 taken this class, you 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.

Required Text: Investments 9th Edition (global edition), Zvi Bodie, John Wiley & Sons, 2009. All chapters indicated in the course schedule correspond to this book.

Other requirements

You will need a **calculator** during the course. Your calculator must be able to raise numbers to powers and work with natural logarithms. Of course, a financial calculator is always the optimal solution, but if you don't have one at hand, please make sure your calculator meets the above requisite and you have a good understanding of the formulas used to solve TVM problems.

Course Policies and Grading:

The final grade for this course will include a mid-term and a final exam (with an approximate duration of 1½-3 hours each), take-home end-of-chapter problem sets, and a term project. Class participation is encouraged, particularly around ongoing financial market events, but not exclusively as long as the discussion subject is relevant to the course contents.

End-of-chapter problems homework is to be turned-in, hand-written (or type written), at the beginning of class. You need to keep a photocopy of your work for class discussion, auto-evaluation and further reference. Homework is individual work. Any signal or evidence of copying or copying from existing solution source is considered cheating and will be dealt with swiftly (I am not kidding!).

Your final grade will consist of:

Term Project: 15%;

Mid-Term 30%

Final Exam: 40%

Homework assignments: 15%.

To receive full course credit, you must attend classes on a regular basis. Attendance may be recorded in any class period.

Schedule for FN 312 Investments Course

Semester Fall 2013

Session	Day	Date	Time	Assigned Material
1	Wed	14/08	11:00 a.m. – 2:00 p.m.	Chapters 1-2: Investment; Asset Classes and Financial Instruments
2	Wed	21/08	11:00 a.m. – 2:00 p.m..	Chapter 3: How Securities are Traded
3	Fri	23/08	11:00 a.m. – 2:00 p.m.	Chapter 5: Learning about Return and Risk from the Historical Record; Chapter 6: Risk Aversion and Capital Allocation to Risky Assets
4	Wed	28/08	11:00 a.m. – 2:00 p.m..	Chapter 6: Risk Aversion and Capital Allocation to Risky Assets
5	Fri	30/08	11:00 a.m. – 2:00 p.m..	Chapter 7: Optimal Risky Portfolios
6	Wed	4/09	11:00 a.m. – 2:00 p.m.	Chapter 7: Optimal Risky Portfolios and the portfolio project
7	Wed	11/09	11:00 a.m. – 2:00 p.m.	Chapter 4: Mutual funds and other investment companies Chapter 25.3 (Dr. Pantisa Pavabutr)
8	Wed	18/09	11:00 a.m. – 2:00 p.m.	Chapter 9: The Capital Asset Pricing Model
9	Wed	25/09	11:00 a.m. – 2:00 p.m.	Chapter 9: The Capital Asset Pricing Model

Session	Day	Date	Time	Assigned Material
	Wed	02/10	11:00 a.m. – 12:30 p.m.	Midterm
10	Wed	09/10	11:00 a.m. – 2:00 p.m.	Chapter 14: Bond Prices and Yields
11	Fri	11/10	11:00 a.m. – 2:00 p.m.	Chapter 17: Options Markets: Introduction
12	Wed	16/10	11:00 a.m. – 2:00 p.m..	Chapter 18: Option valuation
13	Fri	25/10	11:00 a.m. – 2:00 p.m..	Chapter 22: Futures Markets
14	Wed	30/10	11:00 a.m. – 2:00 p.m.	Chapter 11: The Efficient Market Hypothesis
15	Wed	6/11	11:00 a.m. – 2:00 p.m.	Chapter 24: Portfolio Performance Evaluation And Empirical Evidence on Security Returns Or Review
	TBA			Final Exam

Important Dates

Class begins

August 13, 2013

Adding and Dropping Course

August 13 – 27, 2013

Midterm Exam

October 2, 2013; 11.00 a.m. – 12.30 p.m.

Course Withdrawal with “W”

October 16 – 21, 2013

Last day of classes

November 30, 2013

Final Exam

TBA