

FINANCIAL MARKETS

Course description

In this course we: (i) introduce financial instruments, and the organization and functioning of the markets within which they are traded (ii) engender a critical appreciation of financial theory: both asset valuation techniques and efficient markets (iii) provide students with an understanding of the fundamental concepts surrounding portfolio construction (iv) provide students with the ability to critically evaluate portfolio performance.

Course objectives

Upon successful completion of this course students will:

1. have an understanding of the constraints faced by fund-managers when constructing portfolios to meet investors financial objectives.
2. have a theoretical and practical understanding of CAPM and factor models.
3. an appreciation of the risk and returns characteristics of the major asset classes and their importance when constructing portfolios to meet investors' investment objectives.
4. have a basic knowledge of pricing derivatives securities and their role in risk-management.
5. be able to critically estimate portfolio evaluation methodologies.

Course Outline

1. Investment background
2. Modern portfolio theory
3. Analysis and management of common stocks
4. Analysis and management of fixed income securities
5. Derivative securities
6. Measuring portfolio performance