

Valid for 2023.HS

Module Name: Financial Instruments & Portfolio Theory	
Module Code	w.BA.XX.3FIPT-FLEX.XX
Module Description	Students are introduced to the core concepts of finance. They understand and calculate the risk and return profile of different financial instruments and portfolios. They know the importance of diversification and construct efficient portfolios.
Program and Specialization	Business Administration - Specialization in Banking and Finance (FLEX)
Legal Framework	Academic Regulations BSc dated 29.01.2009, for the degree programs in Business Administration, International Management, Business Information Technology, Business Law, Business Law and Applied Law, first adopted on 12.05.2009
Module Category	Module Type: Compulsory
	Program Phase: Main Study Period
ECTS	6
Organizational Unit	W Institut für Wealth & Asset Management
Module Coordinator	Martin Schnauss (scnu)
Deputy Module Coordinator	Thomas Gramespacher (grat)
Prerequisite Knowledge	<ul style="list-style-type: none"> • w.BA.XX.2Math1.XX • w.BA.XX.2Math2.XX • w.BA.XX.2Stat.XX • w.BA.XX.2BF.XX
Contribution to Program Learning Goals (Affected by Module)	§ Professional Competence § Methodological Competence § Social Competence § Self-Competence
Contribution to Program Learning Objectives	Professional Competence § Knowing and Understanding Content of Theoretical and Practical Relevance § Apply, Analyze, and Synthesize Content of Theoretical and Practical Relevance § Evaluate Content of Theoretical and Practical Relevance Methodological Competence § Problem-Solving & Critical Thinking § Scientific Methodology § Work Methods, Techniques, and Procedures § Information Literacy § Creativity & Innovation Social Competence § Written Communication § Oral Communication § Teamwork & Conflict Management § Intercultural Insight & Ability to Change Perspective Self-Competence § Self-Management & Self-Reflection § Ethical & Social Responsibility § Learning & Change
Module Learning Objectives	Students... § know the concept of the risk and return of investments and the mechanism of diversification § understand the formation of prices in an equilibrium model of the capital market § know the concept of the time value of money § understand the relationship between the structure of interest rates and bond prices § are able to name the main drivers of option prices § gain an insight into the characteristics of options and futures markets § understand the link between spot and futures prices § calculate the risk and return of individual assets and portfolios § form portfolios on the efficient frontier in a risk/return diagram § calculate the fair price of risky assets using the capital asset pricing model § compute prices of bonds, options, and futures § construct appropriate option strategies adapted for given market views § apply risk-adjusted performance measures to assess the quality of a portfolio § evaluate assets using the security market line (SML) and Jensen's alpha § compare an asset's market price with its fair value and suggest appropriate action § communicate the risk/return characteristics of a portfolio or fund to a potential client

	§ implement the core concepts and results of the module in EXCEL (guided self-study)		
Module Content	§ Risk and return of investments § Efficient diversification, minimum variance, and optimum portfolio § The capital asset pricing model, CML, and SML § Risk and return of bonds § Characteristics and prices of options and futures		
Links to other modules	The content of this module is linked to the following modules: w.BA.XX.2AIM.XX w.BA.XX.2BF.XX w.BA.XX.2CFRM.XX w.BA.XX.2Math1-en.XX w.BA.XX.2Math2-en.XX w.BA.XX.2QMeth-en.XX w.BA.XX.2Stat-en.XX w.BA.XX.2WMC.XX		
Methods of Instruction	§ Lecture § Interactive Instruction § Case Studies § Exercises	Social Settings Used: § Individual Work § Pair Work	
Digital Resources	§ Reader § Teaching Materials § Practice and Application Exercises (with Key) § Case Studies (with Key)		
Type of Instruction	Classroom Instruction	Guided Self-Study	Autonomous Self-Study
Large Class	24 h	88 h	
Small Class	-	-	
Group Instruction	-	-	
Practical Work	-	-	
Seminar	-	-	
Total	24 h	88 h	68 h
Performance Assessment			
End-of-module exam	Form	Length (min.)	Weighting
Written exam	Specified documentation	60	100,00 %
Permitted Resources	Approved calculator according to "Guidelines on Supplementary Materials"	With dictionary	
Others	Assessment	Length (min.)	Weighting
-	-	-	-
Classroom Attendance Requirement	Mandatory Attendance: None		
Language of Instruction/Examination	English		
Compulsory Reading	Bodi, Z. & Kane, A. (2013). Essentials of Investment. 9th edition. New York: McGraw-Hill/Irwin. ISBN 978-0-07-714824-9. (A Kindle version is sufficient).		
Recommended Reading	CFA-Institute (2019). 11th Hour Guide for Level I Cfa Exam. 11th edition. New Jersey: Wiley. ISBN 978-1119531081.		
Comments	All editions of Bodi & Kane after the 8th edition are fine.		