

<b>Identification</b>	<b>Subject (Code, title, credits)</b>	<b>FIN 420 Investment Management -3KU/6ECTS</b>
	<b>Department</b>	Economics and Management
	<b>Program type</b>	Undergraduate
	<b>Term</b>	Fall, 2023
	<b>Instructor</b>	Shamil Muzaffarli
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	<b>Classroom</b>	Khazar University (Neftchilar Campus), 41 Mehseti Street, room 416 old
<b>Prerequisites</b>	<b>FIN 310: Fundamentals of Financial Management</b>	
<b>Language</b>	English	
<b>Compulsory / Elective</b>	Compulsory	
<b>Required textbooks</b>	<b>Main book:</b> Bodie, Zvi, Alex Kane, and Alan J. Markus, Investments, McGraw Hill, 2023 (13th Edition)	
<b>Course Outline</b>	<p>The course covers a range of key areas, starting with investment fundamentals. Students will develop a solid foundation in various asset classes, such as stocks, bonds, and alternative investments, along with an exploration of financial instruments commonly used in investment management.</p> <p>Understanding risk and return is fundamental to investment. The course equips students with the tools and techniques necessary to assess risk and calculate potential returns associated with different investment opportunities.</p> <p>Portfolio management is at the core of effective investment practices. Students will learn how to create and manage diversified investment portfolios, considering factors like asset allocation, risk tolerance, and investment objectives.</p> <p>The course also delves into contrasting theories, including the Efficient Market Hypothesis (EMH), and behavioral finance principles. This exploration helps students understand the influence of psychological factors on investment decisions.</p> <p>Various investment strategies, such as passive and active management approaches, market timing, and factor investing, will be introduced. Additionally, students will learn how to formulate investment policies that align with specific financial goals.</p> <p>Alternative investments, including real estate, commodities, and private equity, will be explored, highlighting their role in portfolio diversification and risk management.</p>	
<b>Course objectives</b>	<p>The course is designed to provide students with a comprehensive understanding of the principles, strategies, and tools necessary to effectively manage investments in various financial environments. The course covers a wide range of topics related to investments and portfolio management, equipping students with the knowledge and skills needed to make informed investment decisions and construct well-diversified portfolios. By the end of the course, students should be able to identify and classify different asset classes and financial instruments, apply trading strategies, assess risk and return, analyze various investments, create investment policies, construct diversified portfolios, understand asset pricing models, develop active portfolio management strategies, and evaluate alternative investment opportunities. In summary, the course provides a comprehensive education in the field of investments, preparing students to navigate financial markets, make informed investment decisions, and manage portfolios effectively to achieve financial goals. The knowledge and skills acquired in this course are valuable for individuals' pursuing careers in finance, investment analysis, asset management.</p>	

<b>Learning outcomes</b>	<p>Upon successful completion of the course, students will be able to:</p> <ul style="list-style-type: none"> <li>• Identify and classify different asset classes and financial instruments commonly used in investment management.</li> <li>• Apply trading strategies and techniques for buying and selling securities in various markets.</li> <li>• Evaluate the risk-return trade-off and interpret historical investment performance data.</li> <li>• Analyze fixed income securities and equity valuation models to make investment decisions.</li> <li>• Utilize derivatives for hedging and speculative purposes while understanding their associated risks.</li> <li>• Critically assess the Efficient Market Hypothesis and incorporate behavioral finance insights into investment strategies.</li> <li>• Create investment policies and construct diversified portfolios based on asset allocation principles.</li> <li>• Calculate the expected returns and risks of portfolios using the CAPM and APT models.</li> <li>• Develop active portfolio management strategies and justify their implementation.</li> <li>• Measure and interpret portfolio performance using relevant metrics and benchmarks.</li> <li>• Evaluate alternative investment opportunities and their potential benefits in portfolio diversification.</li> </ul>		
<b>Teaching methods</b>	Lecture		✓
	Group discussion		✓
	Case analysis		✓
	Practice questions		✓
<b>Evaluation</b>	<b>Methods</b>	<b>Date/deadlines</b>	<b>Percentage (%)</b>
	Midterm Exam	Week 8	30
	Class Attendance		5
	Activity		5
	Business Case	Week 15	10
	Presentation	Week 14	10
	Final Exam	Week 16	40
	<b>Total</b>		<b>100</b>
<b>Policy</b>	<p><b>Activity &amp; Class Attendance:</b> Students are required to attend all classes to follow all lectures. Participation in class discussions plays a main role in assessing rates. Thus, the assessment process will be based on how active students are in the class discussions by answering the instructor's questions and initiating to ask questions which are relevant to the subject and providing their views and insights on related matters.</p> <p><b>Business Case:</b> Students are assigned a business case related to investment decisions, which is thoroughly analyzed by them, taking into account financial analysis, risks, feasibility, and strategic alignment. The findings and recommendations are then presented by students, followed by the submission of a written report. When evaluating, factors such as the quality of analysis, clarity of recommendations, presentation skills, critical thinking, financial acumen, alignment with strategic goals, exploration of alternative solutions, professionalism, and engagement during Q&amp;A sessions are taken into consideration.</p> <p><b>Presentation:</b> Students are tasked with delivering presentations on topics related to investment decisions, and their ability to effectively convey the information is assessed. During these presentations, various aspects, such as clarity of communication, depth of understanding, engagement with the audience, and the utilization of supporting visual aids, are taken into consideration. When evaluating presentations, the focus is on the clarity of communication, depth of understanding conveyed, engagement with the audience, and the utilization of supporting visual aids.</p>		

Tentative Schedule			
Week	Date	Topic	Reading
1		Investment Environment, Asset Classes, and Financial Instruments	Chapters 1 and 2
2		How Securities Are Traded	Chapter 3
3		Risk, Return and Historical Record	Chapter 5
4		Fixed Income Securities	Chapters 14, 15 and 16
5		Equity Valuation Models	Chapter 18
6		Derivatives	Chapters 20 and 22
7		Efficient Market Hypothesis and Behavioral Finance	Chapters 11 and 12
8		<b>MIDTERM EXAM</b>	
9		Investment Policy and Framework	Chapter 28
10		Asset Allocation	Chapters 6 and 7
11		Capital Asset Pricing Model and Arbitrage Pricing Theory	Chapters 9 and 10
12		Theory of Active Portfolio Management	Chapter 27
13		Portfolio Performance Evaluation	Chapter 24
14		Alternative Assets, <b>Presentation</b>	Chapter 26
15		Revision Lecture, <b>Business case</b>	
16		<b>FINAL EXAM</b>	