



AI2135 Financial Investments

7.5 credits

Finansiell Ekonomi

This is a translation of the Swedish, legally binding, course syllabus.

Establishment

Grading scale

A, B, C, D, E, FX, F

Education cycle

Second cycle

Main field of study

Industrial Management, The Built Environment

Specific prerequisites

For students not registered on a KTH programme (180hp/300hp):

Completed upper secondary education incl documentet proficiency in English and 180 credits of the Social Sciences preferably Economics and Business Administration.

Language of instruction

The language of instruction is specified in the course offering information in the course catalogue.

Intended learning outcomes

To provide participants with an understanding of investment analysis and markets of financial assets. Focuses on the valuation of equity, fixed-income, and derivative securities. After the course, participants will be able to:- Characterise the primary and secondary financial markets of various financial assets, and describe the role of different actors in these markets.- Understand the different methods for computing rates of return and risk.- Explain concepts of the portfolio possibilities set, the probability distribution of returns, and the utility function.- Discuss and analyze benefits and barriers to portfolio diversification.- Critically apply different single-factor and multi-factor risk models.- Critically apply different valuation methods to value equity and debt securities, as well as hybrid debt-equity securities.- Explain the basics of forwards, futures, swaps, and options contracts.- Describe some popular strategies involving derivative securities.- Apply different valuation methods to value derivatives securities, with focus on call and put options.- Understand the implications of the efficient market hypothesis, and describe the explanations of behavioural finance for market inefficiency and market anomalies.

- Describe and explain the current trends in the global financial markets.

Course contents

Risk and return. Portfolio theory, single-factor and multi-factor models. Valuation of stocks, bonds, and derivatives. Globalization of financial markets. Financial statement analysis. Macroeconomic and industry analysis. Theory and evidence of market efficiency and behavioural finance

Course literature

Bodie, Kane and Marcus (Latest edition), Investments. McGraw-Hill

Examination

- ÖVN1 - Assignment, 2.0 credits, grading scale: P, F
- TEN1 - Examination, 5.5 credits, grading scale: A, B, C, D, E, FX, F

Based on recommendation from KTH's coordinator for disabilities, the examiner will decide how to adapt an examination for students with documented disability.

The examiner may apply another examination format when re-examining individual students.

If the course is discontinued, students may request to be examined during the following two academic years.

The assessment consists of one or two course projects and a final exam.

Ethical approach

- All members of a group are responsible for the group's work.
- In any assessment, every student shall honestly disclose any help received and sources used.
- In an oral assessment, every student shall be able to present and answer questions about the entire assignment and solution.