

BFM120 INVESTMENT MANAGEMENT

Academic Year 2013/14

Number of Aston Credits: 15

Number of ECTS Credits: 7.5

Staff Member Responsible for the Module:

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Pre-requisites for the Module:

This module is available for MSc Investment Analysis only

Mode of Attendance:

On campus

Module Objectives and Learning Outcomes:

This module offers an introduction to the range of tools and techniques available to the practicing investment manager. This module will draw upon, develop and integrate the valuation models studied in the modules Valuation of Investments and Security Analysis, and the quantitative techniques developed in the Quantitative Methods for Finance module. On completion of this module, students should be able to:

- Demonstrate an understanding of the investment management process, the characteristics of investment management clients and of the importance of an investment philosophy.
- Use a range of passive and active strategies for asset allocation and security selection, including mean-variance strategies, market timing, the Black-Litterman model, value and growth investing, and trading on information.



- Assess and critically evaluate the relative merits and limitations of different strategies for asset allocation and security selection in the light of evidence on market efficiency and the costs of trading
- Analyse and convey the performance of investment management strategies.

Module Content:

Topic 1: The Investment Management Process

Asset allocation versus security selection, understanding the client,

investment philosophy, behavioural factors

Topic 2: Measuring returns and risk

Historical trends mean and standard deviation based measures, investor

risk preferences

Topic 3: Passive asset allocation

The mean-variance model, simple diversification

Topic 4: Active asset allocation

Market timing, Black-Litterman model

Topic 5: Passive security selection

Indexing

Topic 6: Active security selection

Value and growth investing, trading on information, market efficiency

Topic 7: Trading costs

Topic 8: Performance measurement

Security and fund level measures, style analysis, and attribution analysis

Corporate Connections:

The module will draw on the experience of investment professionals wherever possible.

International Dimensions:

In the presence of global financial markets, the study of finance and investments naturally transcends national boundaries. Investment management is applicable regardless of setting, and this module will draw on international evidence, in particular relating to international asset allocation.









Contribution of Research:

The required reading will connect students to the research literature.

Ethics, Responsibility & Sustainability:

This module also emphasizes strongly on ethical behavior, social responsibilities and sustainability development.

Method of Teaching:

Classroom-based teaching and learning will comprise a sequence of lectures (3 hours per week) that will be the primary mode of delivery of the knowledge required to achieve the learning outcomes. In addition to formal class contact hours, students are expected to follow the suggested learning hour's guide, in allocating time for private study.

Method of Assessment and Feedback:

This module will be assessed by a 2 hour, closed-book, final exam, that will provide the opportunity for students to demonstrate all the learning outcomes. Feedback will be provided through class interaction and academic staff office hours.

Learning Hours:

Total	150
Directed Exercises	25
Directed Readings	25
Further Private Study	50
Contact hours	24
Pre-reading	26

The following readings are subject to change. Students should not therefore purchase textbooks prior to commencing their course. If students wish to undertake background reading before starting the course, many of the chapters/readings are available in electronic form via on-line library catalogues and other resources.









Pre-reading:

The Theory and Practice of Investment Management, <u>Frank J. Fabozzi CFA</u> (Editor), <u>Harry M. Markowitz</u> (Editor), CFA Institute

Investment Philosophies, A. Damodaran, Wiley

Essential Reading:

Bodie, Z., A. Kane, and A. Marcus (2009) Investments, McGraw-Hill, 8th Edition.

Indicative Bibliography:

Damodaran, A. (2003), Investment philosophies: successful strategies and the investors who made them work, Wiley

Elton, E., M. Gruber, S. Brown and W. Goetzman (2003) *Modern Portfolio Theory and Investment Analysis*, Wiley, 6th Edition.





