



## Syllabus

**Term:** 2025/26/2      **Subject name:** Investments      **Subject code:** B19GMB15E

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**Unit (Unit code)**      Department of Finance and Accounting (PSZI)

**Lecturer responsible for the course:** KLESCHNÉ Dr. CSAPI Vivien

**Requirement:** Exam

**Classes per week :** 2/2/0/0

**Classes per term:**

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### Purpose of education:

The aim of this course is to provide you with an understanding of both the theory and practice of finance and portfolio decision making. The combined application of theory and practice will enable you to understand market forces, equity evaluation methods, and market mechanisms. Besides introducing you to evaluation techniques and models you will have a broad understanding of the investment market from portfolio to venture capital investment. Discussions during class will develop your general financial literacy and intelligence. Not just your knowledge in the field of investment will be developed but exercises, readings and discussions will further strengthen your argumentation and computational skills. During the class discussions you will work in groups to form opinions in issues like the financial and economic crises situations in the past.

On the completion of this course you should be able to:

- Understand the corporate factors driving stock prices.
- Determine the investment attitudes for different actors.
- Design a portfolio for companies with different risk preferences.
- Understand the basic equilibrium forces of stock markets.

### Contents:

1. Introduction and Risk and risk aversion I. p.: 142 – 155, 165 – 169.
2. Introduction to options theory, Put-call parity and imperfect market conditions / *News Watch*
3. Option valuation (binomial pricing) / *News watch*
4. Option valuation BS model/ *News Watch*
5. Option trading strategies / *News watch*
6. Case study discussion
7. Q&A session
8. Midterm
9. Risk and risk aversion II. p.: 142 – 155, 165 – 169. / *News Watch*
10. Capital allocation between risky and risk free assets. p.: 171 – 184. / *News Watch*
11. Optimal risky portfolio I. p.: 192 – 210. / *News Watch*



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12. Capital Asset Pricing Model (CAPM) II. p.: 236 – 248. Single Index Model (SIM). p.: 266 – 275, Arbitrage Pricing Theory (APT). p.: 289 – 298. / *News Watch*
13. Efficient Market Hypothesis (EMH)/Behavioral finance. p.: 338 – 351. / *News Watch*

### System of examining and valuation:

News watch – 10%

Case study –  $2 \times 10\% = 20\%$

Midterm exam – 30%

Final exam – 40%

**News Watch Project:** Students are to form 10 groups by the end of the first week. Each group selects a topic from the daily news that each of them process and analyze each week. The assessment of the topics is to be based on 10 daily business news articles from sources like The Economist, WSJ, ...etc.. Groups to present their weekly news watch prepare ppt slideshows and upload them onto Neptun Meetstreet. Beside the ppt slideshow a 1 page summary (Times new Roman, 12 font, 1,5 space) is to be written and to be uploaded as well. Groups are to upload the ppt and the summary by 17:00 each Wednesday. In class a group is selected on sight to present their news watch in 15 minutes. The provocation of class discussion is rewarded.

**Case study:** Groups will have to solve case studies distributed beforehand. Case discussions will be in class, cases have to be presented in a way that class mates are involved in the discussion.

**Midterm exam:** 90 minute unseen closed book exam.

### Bibliography:

- Zvi Bodie, Alex Kane, Alan J. Marcus: "Investments", Sixth Edition, Irwin, 2005.

### Optional:

- Robert A. Haugen: "Modern Investment Theory", Fourth Edition, Prentice Hall, 1997.



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### Bibliography:

- Haim Levy, Marshall Sarnat: "*Portfolio and Investment Selection? Theory and Practice*", Prentice Hall, 1984.
- Eugen Fama, Merton H. Miller: "*The Theory of Finance*", Dryden Press, 1971.

### Bibliography: