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Course Package

“Investment portfolio management”

Work Package	WP3: Development of Course Materials for the Reformed MA Programmes, Deliverable 3.1
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1. General information about the course

Explanation: Please fill in the table below.

Title of the course (as specified in the reformed curriculum)	"Investment portfolio management"
Name of the teacher	Bilocaia Svetlana, assoc.prof., PhD
Novelty of the course (please select as appropriate)	This course is an updated and revised version of a course which already existed in the curriculum
Year of the course in the curriculum	1 st year
Semester of the course in the curriculum	2 nd semester
Language of instruction of the course	English
Number of ECTS credits	5

2. Learning outcomes of the course

Explanation: Please specify the learning outcomes of the course.

This course provides as a result of learning the following **outcomes**:

1. Understand the main concepts of modern portfolio theories and their implications for portfolio construction and management as well as risk management practices.
2. Understand the rationale for the asset allocation decision, securities selection and market timing.
3. Understand and apply main portfolio management and risk concepts and techniques. Comprehend and measure the effect of portfolio diversification.
4. Understand the basic mathematical and statistical methods commonly used to value financial securities, apply different models and methods for equities, bonds and derivatives evaluation and measure of portfolio performance.
5. Understand and use various techniques regarding to technical analysis and fundamental analysis.

3. Syllabus of the course

Explanation: Please provide a detailed syllabus of the course (broken down in weeks) – maximum 2 pages

The education is organized in modules

<i>Topics and subjects</i>	Number of class hours	Including	
		<i>Lecture</i>	<i>Seminar/ practice</i>
Topic 1. Investment portfolio fundamentals 1.1. The concepts of investment portfolio and its management. 1.2. Investment vehicles for portfolio construction. 1.3. Steps in portfolio management process.	3	2	1
Topic 2. Investment risk and return 2.1. Investment risk fundamentals, classification, features of management. 2.2. General concepts of investment return. 2.3. Methods of investment risks evaluation.	6	4	2
Topic 3. Basic theories of investment portfolio construction 3.1. Markowitz portfolio theory. 3.2. Capital Asset Pricing Model (CAPM). 3.3. Arbitrage Pricing Theory (APT). 3.4. Market efficiency theory.	4	3	1
Topic 4. Evaluation of shares 4.1. Fundamentals of shares assessment, the main methods of equity estimation. 4.2. Equity valuation based on discounted cash flow analysis. 4.3. Relative valuation techniques.	5	3	2
Topic 5. Evaluation of bonds 5.1. Fundamentals of fixed income securities estimation. 5.2. Bond's value determination. 5.3. Estimation of bond's yield. 5.4. Duration of a bond.	6	4	2
Topic 6. Derivative securities analysis 6.1. Derivatives fundamentals, scopes of their application in investment portfolio management. 6.2. Futures contracts basic valuation concepts and strategies. 6.3. The fundamentals of option valuation, main option strategies.	5	3	2
Topic 7. Strategies of investment portfolio management 7.1. Investment portfolio strategies: fundamentals, classifications, features. 7.2. Equity portfolio management strategies.	4	3	1

7.3. Bond portfolio management strategies.			
Topic 8. Evaluation of the investment portfolio' performance 8.1. Portfolio performance: concept and influence factors. 8.2. The measurement and evaluation of investment performance. 8.3. Composite portfolio performance measures.	6	4	2
Topic 9. Fundamental analysis in investment portfolio management 9.1. The concept of fundamental analysis. 9.2. Macroeconomic analysis. 9.3. Industry analysis. 9.4. Fundamental analysis at the company level.	5	3	2
Topic 10. Technical analysis in portfolio management 10.1. The essence of technical analysis, its principles and assumptions. 10.2. Types of Charts utilized in technical analysis and features of their application. 10.3. Technical Indicators (Moving Average, Bollinger Bands, Oscillators, RSI etc.) 10.4. Elliott Wave Theory and Fibonacci sequence.	4	3	1
TOTAL	48	32	16

4. Teaching methodology of the course

Explanation: Please explain the teaching methodology and pedagogical approaches of the course – maximum ½ page

Teaching techniques and methods:

Forms of organization: group.

Course involves utilisation of **student-centred** learning approach, including:

- *Problem-based learning* method (typically is characterized by having minimal teacher guidance, students solving problems with multiple solutions, using hand-on materials, method allows for knowledge acquisition, enhanced group collaboration and communication);
- *Case study* (implicates construction and estimation, based on real data, of student' investment portfolio, method is useful to employ for obtaining an in-depth appreciation of an investment portfolio management, in its natural real-life context);
- *Discussion* (exchange of views regarding questions prepared by the lecturer or students helps non-hierarchical verbal interaction and argumentation among students);
- *Seminar* (involves reading materials on a theme, followed by their learning and group discussion to clarify the complex aspects of the topic);
- *Essay elaboration* (implicates elaboration of complete, according to the topic, of an individual work, which demonstrates students' learning of topic, it is used to learn students of intellectual exploration of an issue, involving looking at different arguments and evidence and developing the writer's perspective);
- *Lectures* (course presentation by the lecturer, based on understanding the students' knowledge evolution, their responses during lectures and seminars which determine subsequent pace and direction of the lessons; comprises elucidation and detailed explanation of key points of topic, which suggests student active participation in lecture dialogue);
- *Debate* (discussion of a controversial issue on which there are fairly definite opinions on both sides; method is used to teach students to dialogue and to bring the differences out in an open and friendly manner);
- *Panels* (discussion in conversational form among a selected group of persons with a leader, in front of an audience that joins in later, used to stimulate students interest and thinking, to provoke better discussion);
- *Brainstorming* (implicates creative solving of problems, when groups members think about a problem or topic and express their ideas; it is based on respecting the principle of non-criticism, fantasy release, mutual inspiration and equality of participants; method is used to learn students to intensive, freewheeling discussion, generating different ideas in spontaneous manners based on their knowledge on the course);
- *One-minute paper* (written, in-class students activities, to acquire candid feedback on the course material and lecturer's presentation style, gives to the lecturer understanding about what students consider is the most important thing they learnt today, and which thing is the least clear) etc.

Teaching aids: projector, computer, etc.

All lectures are sent to students on the group's e-mail from the lecturer's e-mail biлоocaiasvetlana@gmail.com in the day before lesson presentation.

Materials for student's individual work are sent to personal student's mail.

Each week professor has two hours for individual students' consultation.

At the beginning of the course students are informed about lecturer's office hours, which depend from the lecturer's schedule of lectures/seminars and are specified each academic year.

On Moodle platform students can find different manuals, course books, presentations etc.

5. Labour market relevance of the course

Explanation: Please explain the labour market relevance of the course (linked to findings of WP1) – maximum ½ page

The **purpose** of the *Investment Portfolio Management* course is to train specialists in the field of investment and capital market with the necessary skills and competencies in order to build a solid foundation for the development of a successful career in accordance with the requirements of potential employers; meetings with potential employers are organized regularly by the Faculty of Finance, AESM.

Having studied the course of *Investment Portfolio Management* master students are demanded the labor market of the Republic of Moldova by such employers as: financial investment companies; investment advisory companies; national and international investment projects; regulated market operators and multilateral trading systems; commercial and central banks; Ministry of Finance; non-banking financial institutions; Central Depository; companies qualified in the valuation of securities; registry companies; insurance companies; financial departments of public institutions and private companies; central and local public administration entities; educational institutions, etc., as specialists in: consulting and investment assistance; training and management of investment portfolios; developing and implementing business plans for investment projects; executing orders on financial instruments both on behalf of clients and on their own, including on Forex markets; intermediation on the underwriting / placement of financial instruments; valuation of financial securities; servicing state debt contracted through state securities; capital investments from the Ministry of Finance and companies in the real sector of the economy, as well as investment experts and auditors, financial analysts, heads and officials of the central and local public administration, managers in economic and financial units, teaching staff in education, etc.

6. Assessment and grading

Explanation: Please explain the form of assessment of the course – maximum ½ page

<i>Current performance</i>	The current evaluation includes the assessment of case studies and reports, students' work on seminars, demonstrated knowledge of the topic's content.	
<i>Final assessment</i>	The final assessment is carried out in written form and consists of different types of topics: multiple choice tests, open questions, integration questions and problems.	
<i>General mark/grade (share part expressed in %)</i>	Current performance (formative assessment)	60%
	Examination mark (final evaluation)	40%

7. References

Explanation: Please provide the main references and recommended reading for the course – maximum 1 page

Legal framework:

1. Law RM on investments in the entrepreneurship activity Nr. 81-XV from 18.03.2003, Monitorul Oficial al Republicii Moldova Nr. 64-66 din 23.04.2003
2. Law on the capital market no. 171 from 11.07.2012, Monitorul Oficial al R.Moldova Nr. 193-197 from 14.09.2012
3. Law on Joint Stock companies no. 1134-XIII from 02.04.97, Monitorul Oficial al R. Moldova nr.1-4/1 din 01.01.2008
4. Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II).

Bibliography (engl.):

5. BODIE, Z., KANE, A., MARCUS J. Investments, McGraw-Hill Education, tenth edition, 2013, 1080 p.
6. DRAKE, P., FABOZZI, F. The basic of finance. An Introduction to Financial Markets, Business Finance, and Portfolio Management. John Wiley & Sons, Inc., 2010.
7. ELTON E., GRUBER M., BROWN S., GOETZMANN W. Modern Portfolio Theory and Investment Analysis. 9 Edition, WILEY publication, 2014
8. FABOZZI, F., DRAKE, P. Finance. Capital Markets, Financial Management, and Investment Management. John Wiley & Sons, Inc., 2009, p. 833
9. LEVISAUSKAITE, K., Investment Analysis and Portfolio Management, Vytautas Magnus University Kaunas, Lithuania, 2010.
10. REILLY, F., BROWN, K. Investment Analysis and Portfolio Management, tenth edition, South-Western Cengage Learning, 2012, p. 1082.
11. STRONG, R. Portfolio Construction, Management, and Protection. South-Western Cengage Learning, 2009, p. 721
12. <https://www.cfainstitute.org/>
13. <https://investor.vanguard.com>
14. www.cnpf.md
15. www.bnm.md

8. Course assignments

Explanation: Please provide two assignments for the course (e.g. group work, project, essay, case study, homework).

8.1 Assignment 1

To elaborate an essay

For this individual work, students can choose a question from any Topic.

Student's investigation has to comprise 6-8 pages, including 2-3 pages where are described main theoretical aspects regarding the question, next pages have to comprise actual facts, as well as figures, schemes, tables elaborated by the student, which must be made based on up to date information, statistical data etc., with an explanation of student' views on a particular subject or issue, resulted in conclusions and recommendations and bibliography.

Students who chose questions from the same topic can form groups and work in teams.

The essay must be presented to the audience during seminar.

8.2 Assignment 2

Case study

To elaborate, taking in consideration own risk tolerance, the optimal risk/return investment portfolio, using:

- existed investments alternatives in the Republic of Moldova, with time frame – 1 year (e.g. 2018),

or

- investments alternatives from sites <https://www.bloomberg.com/europe>, <https://www.nasdaq.com/> etc., with time frame – period of lessons.

Investment portfolio has to comprise at least 3 financial instruments with different share\weight (bonds, equities etc.).

Indicators have to be calculated in case study, are: return of each financial instrument from portfolio, portfolio return, some risks indicators (standard deviation, variance etc.), Sharp index etc.

Students also have to describe and analyse in case study the main financial and non-financial risks of financial instruments from portfolio.

Annex: Presentation slides

Explanation: Please provide presentation slides for your course (this can be done in a separate document, e.g. Power Point (Minimum: 25 slides))