Course Syllabus

1.	**_Department Name:_**	**Finance**
2.	**_Program Name:_**	MA Finance
3.	**_Program Code_**	03
4.	**_Course Code and Title:_**	1603733 Portfolio Theory
5.	**_Course credits:_**	3 credit hours
6.	**_Pre-requisites:_**	Principles of Finance and Principles of Investments
7.	**_Course Instructor/ Coordinator Name, Email and Office hours_**	Dr. Adel Bino
		a.bino@ju.edu.jo
		Office Hours: Sunday, Tuesday, and Thursday 11:00 – 1:00 **_Sunday and Monday 4:00 – 5:30_**
8.	**_Course web-page:_**	
9.	**_Academic year:_**	**2019-2020**
10.	**Semester:**	**First** ✓ **Second** **Summer**

11. Textbook(s) _(Make sure you have one textbook – resource materials online)_

Investments, 10th edition, Global edition, by Bodie, Kane and Marcus

12. References: _(Make sure that the references are available in the Library and online)_
- **_Elton & Gruber:_** Modern Portfolio Theory and Investment Analysis**_, 5th edition, Wiley._**
- **_Grinblatt & Titman:_** Financial Markets and Corporate Strategy**_, 2nd edition, McGraw-Hill._**
- **_Haugen:_** Modern Investment Theory**_, 5th edition, Prentice Hall._**

13. Other resources used _(e.g. periodicals, software, eLearning, site visits, etc.):_

14. _Course description_ (from the catalog)
This course involves the advanced study of security analysis, security selection techniques, and portfolio management. After introducing the investment environment of a modern market and the financial instruments traded therein, the course goes in depth into the theoretical and practical interactions between risk and return. A great emphasis is given to building the theoretical background necessary to understanding investment portfolio construction and providing the intuition behind security analysis rules. The course also explains the notion of efficient market hypothesis and bond pricing dynamics and concludes by developing measures of portfolio performance.

15. _Course Intended Learning Outcomes:_ *(All CILOs must start with an action verb, please use ANNEX I for getting a better understanding of the Action Verbs and Blooms Taxonomy. The mapping of the CILOs with relevance to the PILOs of the program.)*

CILOs *(Preferred not to exceed 12 CILOs)*	Mapping to PILOs										
	a	b	c	d	e	f	g	h	i	J	k
1. Develop and evaluate measures of investment risk and return;											
2. Clarify and thoroughly analyze the concept of risk diversification in the context of portfolio construction theory;											
3. Explain how individual risk preferences can be incorporated into investor's investment decision;											
4. Introduce common security pricing models (namely, the Capital Asset Pricing Model (CAPM) and the Arbitrage Pricing Theory (APT));											
5. Demonstrate the concept of market efficiency as it relates to security price informativeness;											
6. Analyze the relationship between the prices of debt instruments and market interest rates including the risks of investing in debt and evaluate the performance of a portfolio using relevant measures.											

16. _Course evaluation:_ *(Formative and summative assessment methods are expected)*

Assessment Type	Details/ Explanation of Assessment in relation to CILOs	Number	Weight	Date(s)
Midterms			30 %	
Projects/Case Studies			30%	
Final			40%	
Total			100%	

17. Description of Topics Covered *(The description should be from the textbook used)*	
Topic Title *(e.g. chapter title)*	*Description*
Ch. 1: The Investment Environment Ch. 2: Asset Classes & Financial Instruments Ch. 3: How Securities are Traded	Introduces the investment environment including the assets traded and the structure in which they are issued and traded.
Ch. 5: Learning about Return & Risk from the Historical Record	Explains how the probability distribution assumed for the security returns relates to the way risk and return are measured and priced.
Ch. 6: Risk Aversion &Capital Allocation to Risky Assets	Shows how the risk of the security is separated from the individual's attitude towards risk and explains how the attitude towards risk is incorporated into investor's investment decision.
Ch. 7: Optimal Risky Portfolios	Develops the basics of portfolio construction theory and determines the situations in which diversification benefits can result.
Ch. 8: Index Models	Develops the statistical tools needed to analyze security risk behavior.
Ch. 9: The Capital Asset Pricing Model	Explains how the CAPM is developed and used to prices financial securities.
Ch. 10: Arbitrage Pricing Theory and Multifactor Models of Risk &Return	Introduces an alternative pricing model to the CAPM which is the APT and shows how similar and different they are.
Ch. 11: The Efficient Market Hypothesis	Introduces the EMH and shows how it compares to pricing models
Ch. 13: Empirical Evidence on Security Returns	Shows how pricing models can be applied to real life capital markets and explains the problems encountered in doing so.
Ch. 14: Bond Prices and Yields	Explains the relationship between bond prices and market interest rates.
Ch. 15: The Term Structure of Interest Rates	Explains how interest rates move over time and introduces the theories that explain interest rate behavior.
Ch. 24: Portfolio Performance Evaluation	Develops measures of portfolio performance evaluation.

Week	Date	Topics covered	CILOs	Teaching Method	Assessment
1	Feb 2	Ch.1: The Investment Environment Ch.3: Asset Classes & Financial Instruments		Tutorial	
2	Feb 9	Ch.3: How Securities are Traded Ch.5: Learning about Return & Risk from Historical Records		Tutorial	
3	Feb 16	Ch.6: Risk Aversion & Capital Allocation to Risky Assets		Tutorial	
4	Feb 23	Ch.7: Optimal Risky Portfolio		Tutorial	
5	March 1	Ch.7: Continued		Tutorial	
6	March 8	Ch. 8: Index Models		Tutorial	
7	March 15	Ch. 9: The Capital Asset Pricing Model		Tutorial	
8	March 22	Midterm Exam			
9	March 29	Ch. 10: Arbitrage Pricing Theory and Multifactor Model of Risk& Return		Tutorial & Project	
10	April 5	Ch.11: The Efficient Market Hypothesis		Tutorial	
11	April 12	Ch. 13: Empirical Evidence on Security Returns		Tutorial	
12	April 19	Ch. 14: Bond Prices and Yields		Tutorial	
13	April 26	Ch. 15: The Term Structure of Interest Rates		Tutorial	
14	May 3	Ch.24: Portfolio Performance Evaluation		Tutorial	
15	May 17	Ch.24: Portfolio Performance Evaluation		Tutorial	
16	May	Final Exam			

18. Course Weekly Breakdown:

19. **_Others:_**	
	Description
Attendance policies:	Students are not allowed to miss more than 15% of the classes during the semester. Failing to meet this requirement will be dealt with according to the university disciplinary rules.
Absences from exams and handing in assignments on time:	- The exams are paper-based and exams time will be assigned in advance of exams time. - A project is required for this course. - No make-up exam could be held if the student failed in providing approved absence form signed by the dean or the Assistant Dean for Students affairs.
Honesty policy regarding cheating, plagiarism, misbehavior:	- Any inappropriate behavior will not be tolerated and student will face consequences based on the University disciplinary rules. - Students are kindly requested to keep their mobiles on silent mode during the lecture. Any disturbance caused by mobile phones will not be tolerated and mobile owner will be requested to leave the class.

Course Coordinator:	**Dr. Adel Bino**	Add your Signature
Head of Department:	**Dr. Mohammad Al Khataybeh**	Add your Signature
Head of curriculum committee/ School Level:	**Dr. Samer Dahiyat**	Add your Signature
Dean:	**Dr. Fayez Haddad**	Add your Signature
Approved by the Program Coordinator/ Head of the Department on:	Type the date: DAY/MONTH/YEAR	

Copy to:
☐ **Head of Department**
☐ **Assistant dean for Development and Quality Assurance**
☐ **Course Portfolio**