



COURSE DESCRIPTION

1. Information about the programme

1.1 Institution of higher education	Alexandru Ioan Cuza University of Iasi
1.2 Faculty	Faculty of Economics and Business Administration
1.3 Department	Department of Finance, Money and Public Administration
1.4 Field of study	Finance
1.5 Level	Master
1.6 Study programme/ Qualification	Finance and Risk Management

2. Information about the course

2.1 Course name	Institutional and Personal Investment						
2.2 Course coordinator	Prof. Bogdan Firtescu, PhD Prof. Adina Dornean, PhD						
2.3 Seminar coordinator	Prof. Bogdan Firtescu, PhD Prof. Adina Dornean, PhD						
2.4 Year of study	2	2.5 Semester	4	2.6 Type of assessment	E	2.7 Course status	E

* C – Compulsory / E - Elective

3. Total estimated time (hours allotted to teaching activities per semester)

3.1 Number of hours per week	6	of which: 3.2 lecture	4	3.3 seminar/lab	2
3.4 Number of hours in the curriculum	84	of which: 3.5 lecture	56	3.6 seminar/lab	28
Time distribution					hrs
Study of the textbook, coursebook, bibliography and lecture notes					24
Additional research in the library, online and on the field					20
Preparation of seminars/labs, homework, projects, portfolios and essays					18
Tutorials					2
Assessment					2
Other activities.....					
3.7 Total number of self-study hours					66
3.8 Total number of hours per semester					150
3.9 Number of credits					6

4. Prerequisites (if applicable)

4.1 Curriculum-based	-
4.2 Competence-based	-

5. Conditions (if applicable)

5.1 For lectures	-
5.2 For seminars / labs	-



**6. Specific competencies**

Professional competencies	<p>C1. Analysis of the theoretical and practical aspects of financial markets, models, instruments that are used in the management of risks.</p> <p>C2. Adequate use of mathematical and statistical concepts, methods and techniques in assessing risks and performing independent research in finance.</p> <p>C3. Evaluation of the main risk factors for organizations and financial systems.</p> <p>C4. Implementing effective financial management and reporting within the business environment to ensure value creation.</p> <p>C5. Ensuring effective and appropriate governance and management of risk within an organization, in the context of an overall ethical framework.</p>
Transversal competencies	<p>CT1. Application of the professional ethical norms and values in decision-making and undertaking of complex professional tasks, independently or within a team.</p> <p>CT2. Human resources planning within a group or organization, in the context of awareness of own responsibility for professional outcomes.</p> <p>CT3. Assuming the need for continuous development to create prerequisites for career progression and adapt own professional and managerial competencies to the economic dynamics.</p>

7. Course objectives (provided by the specific competencies grid)

7.1. Main objective	<p>Being able to understand portfolio management and investment (Institutional Investment Management).</p> <p>Acquiring knowledge regarding the main issues that play an important role in Behavioural Finance and Personal Investing.</p>
7.2. Specific objectives	<p>On completion of the course, the students will be able to:</p> <ul style="list-style-type: none"> ▪ Discuss, explain and compare the various theoretical aspects of institutional investment management as found in the field's literature. ▪ Comprehend and critically assess the practical application of institutional investment management theory in the investment management/ asset liability management (ALM) sector ranging from banks to insurance companies and pension funds; ▪ Design and implement an institutional investment management process where evaluating the complex of interrelated aspects of the institutional investment environment using data and relevant financial research methods. ▪ Manage an institutional investment mandate based on serious gaming within a predetermined risk framework (tracking error and VaR) ▪ Explain the importance of behavioral finance ▪ Study academic articles in the field of behavioral finance ▪ Reflect on the differences between neo-classical behavior and behavior in practice ▪ Explain these differences in terms of behavioral biases.

8. Content I

8.1	Lectures	Teaching methods	Observations (hours & readings)
MODULE I - Institutional Investment Management			





1.	Introduction	Participative lecture	6 hrs: AA (1+10);
2.	Macroeconomics and Fixed Income	Participative lecture	6 hrs: AA (2+4+7);
3.	Equity	Participative lecture	6 hrs: AA (8+9+18),
4.	Markets, Credits, Real Estate, Alternatives & TAA	Participative lecture	6 hrs: AA (11)
5.	Asset Liability Management	Participative lecture	4 hrs: AA (12+13), BG et al.(1)

MODULE II Behavioral Finance and Personal Investing

1.	Introduction	Participative lecture	4 hrs: BN (1+2+13); NJ (1+2); BT
2.	Foundations (Heuristics, Biases, Choice under Uncertainty)	Participative lecture	4 hrs: BN (8+10+11+14+15);
3.	Behavioral Corporate Finance I (Capital Structure)	Participative lecture	4 hrs: BN (21+22), SJ, HJ
4.	Behavioral Corporate Finance II (Payout, Investments)	Participative lecture	4 hrs: BN (23+27)
5.	Personal Investing I (Investment Decisions Under Uncertainty)	Participative lecture	4 hrs: NJ (4+5)
6.	Personal Investing II (Non-Standard Preferences)	Participative lecture	4 hrs: NJ (11); BN (28)
7.	Personal Investing III (Beliefs, Biases and the Individual Investor)	Participative lecture	4hrs: NJ (3+7+10); BN(6+29)

Bibliography**Main readings:**

- Andrew Ang – Asset Management, Oxford University Press, 2014
- Baker, Kent, H., Nofsinger, John, R., 2010. Behavioral Finance. Investors, Corporations and Markets. John Wiley&Sons, Inc., Hoboken, New Jersey. (BN)
- Nofsinger, John, R., 2011. The Psychology of Investing (fourth edition). Pearson Prentice Hall. (NJ)
- Barberis, N. and R. Thaler (2003). A survey of behavioral finance. Handbook of the Economics of Finance, pp. 1051-1121. Elsevier. (BT)
- Stein, J.C. (1996). Rational capital budgeting in an irrational world. Journal of Business 69 (4), pp. 429-455. (SJ)
- Heaton, J.B. (2002). Managerial optimism and corporate finance. Financial Management 31 (2), pp. 33-45. (HJ)

Additional readings:

Other readings such as cases, simulations, journal papers, press articles will be provided periodically throughout the course via FEAA eLearning platform, e-mail or handed-in in class.





8.2.	Seminars / Labs	Teaching methods	Observations (hours & readings)
MODULE I - Institutional Investment Management			
1.	Tutorial A: Investment Game	Participative lecture Case study and debate	2 hrs (AA, BG et al. (1)+BG et al.(2))
2.	Tutorial B: Manager Selection	Participative lecture Case study and debate	2 hrs (AA, BG et al.)
3.	Case 1: Investment Game	Case study, debate	2 hrs (AA, BG et al.(1))
4.	Case 2A: Manager Selection	Case study, debate	2 hrs (AA, BG et al.(1+2))
5.	Case 2B: evaluation	Case study, debate	4 hrs (AA, BG et al.(2))
MODULE II Behavioral Finance and Personal Investing			
1.	Confidence and Fairness	Brainstorming; debate	2 hrs: AS (1+2)
2.	Foundations (Heuristics, Biases, Choice under Uncertainty)	Heuristic conversation and debate	2 hrs: CWS, TK, TH2
3.	Behavioral Corporate Finance I (Capital Structure)	Project and debate	2 hrs: BW, FG
4.	Behavioral Corporate Finance II (Payout, Investments)	Brainstorming; debate	2hrs: CEKS, BDGH
5.	Personal Investing I (Investment Decisions Under Uncertainty)	Heuristic conversation and debate	2 hrs: KKT, TJ, JG
6.	Personal Investing II (Investment decisions over time: the importance (and irrationality) of time discounting)	Case study and debate	2hrs: TB, CLMM, TH1
7.	Personal Investing III (Beliefs, Biases and the Individual Investor)	Case study and debate	2hrs: SS, SFPM
Bibliography			
<ul style="list-style-type: none"> ▪ Akerlof, G., Shiller, R., 2009. Animal Spirits: how human psychology drives the economy, and how it matters for global capitalis. Princeton, NJ, Princeton University Press. (AS) ▪ Baker, M. and J. Wurgler (2002). Market timing and capital structure. Journal of Finance 57 (1), pp. 1-32. (BW) ▪ Ben-David, I., J.R. Graham and C.R. Harvey (2007). Managerial overconfidence and corporate policies, Available at: http://www.nber.org/papers/w13711. (BDGH) ▪ Benjamin Graham et al., The Intelligent Investor, Collins Business Essentials ▪ Bruce Greenwald et al., Value Investing from graham to bugget and Beyond, Wiley Finance ▪ Choi, J., D. Laibson, B. Madrian, and A. Metrick (2002). "Defined Contribution Pensions: Plan Rules, Participant Decisions, and the Path of Least Resistance". James Poterba, editor. Tax Policy and the Economy 16, pp. 67-114. Available here: http://www.som.yale.edu/faculty/jjc83/tpe_plr.pdf (CLMM) ▪ Copeland, T.E., J.F. Weston and K. Shastri (2005). The theory of choice: Utility theory given uncertainty, Chapter 3 (pp. 45-57). Financial Theory and Corporate Policy. Pearson Addison Wesley. (CWS) ▪ De Cesari, A., S. Espenlaub, A. Khurshed, M. Simkovic (2009). Insider ownership, institutional ownership, and the timing of open market stock repurchases (CEKS) ▪ Frank, M.Z. and V.K. Goyal (2009). Corporate leverage: How much do managers really matter? (FG) ▪ Johnson, E.J. and D. Goldstein (2003). "Do defaults save lives?". Science 302, pp. 1338- 1339. (JG) ▪ Kahnmenan, D., J.L. Knetsch and R.H. Thaler (1991). "The endowment effect, loss aversion and status 			





quo bias". Journal of Economic Perspectives 5, pp.193-206. (KKT)

- Shefrin, H. and Statman, M. (1985). "The disposition to sell winners too early and ride losers too long: theory and evidence". The Journal of Finance 40, pp. 777-790. (SS)
- Slovic, P., M.L. Finucane, E. Peters and D.G. MacGregor (2002). "Rational actors or rational fools? Implications of the affect heuristic for behavioral economics". Journal of Socio-Economics 31, 329-342. (SFPM)
- Thaler, R.H. and E.J. Johnson (1990). "Gambling with the house money and trying to break even: the effects of prior outcomes on risky choices". Management Science 36, pp.643-660. (TJ)
- Thaler, R.H. and S. Benartzi (2004). "Save more tomorrow: using behavioral economics to increase employee savings". Journal of Political Economy 112, pp.164-187. (TB)
- Thaler, R.H. (1994). "Psychology and savings policies". American Economic Review 84, pp.186-192. (TH1)
- Tversky, A. and D. Kahneman (1986). Rational choice and the framing of decisions, Journal of Business 59, pp. S251-S278. (TK)
- Thaler, R.H. (1999). Mental accounting matters. Journal of Behavioral Decision Making 12, pp. 183-206. Note: focus on the first part, pp. 183-193. (TH2)

Other readings such as cases, simulations, journal papers, press articles will be provided periodically throughout the course via FEAA eLearning platform, e-mail or handed-in in class.

9. Corroboration of the course content with the expectations of community representatives, professional associations and representative employers from the programme's related field

This course provides students with the core knowledge, skills, and abilities that are generally accepted and applied by finance and investments professionals throughout the world. Topics are selected in accordance to the requirements of Chartered Financial Analyst (CFA) and Professional Risk Manager (PRM) world-leading certifications for finance and risk management, to offer the adequate preparation for CFA and PRM exams.

The course content is correlated to that of similar courses taught at renowned universities and is continuously updated based on the feedback of students and alumni.

Moreover, this is a student-centered course that follows the best practices of learning and teaching in undergraduate education through the adoption of a variety of active-learning instructional methods.

10. Assessment

Type of activity	10.1 Assessment criteria	10.2 Assessment methods	10.3 Weight in final grade (%)
10.4 Lectures	Module I+II: Test	Open questions	60%
10.5. Seminars/ Labs	Module I: The evaluation of the Case studies Module II: The evaluation of the project (written assignment)	Case study Team project	20% 20%
10.6 Minimum performance standard			
Achieve a minimum 5.00 grade (overall performance) and a minimum 5.00 grade in Module I+II Test.			

Date
12.09.2023

Course Coordinator
Prof. Bogdan Firtescu, PhD
Prof. Adina Dornean, PhD

Seminar Coordinator
Prof. Bogdan Firtescu, PhD
Prof. Adina Dornean, PhD

Date of approval
26.09.2023

Head of Department
Professor Ovidiu Stoica, PhD





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