



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	Portfolio Theory						
2.2 Course coordinator	Prof. Ovidiu STOICA						
2.3 Seminar coordinator	Prof. Ovidiu STOICA						
2.4 Year of study	2	2.5 Semester	4	2.6 Type of assessment	EVP	2.7 Course status	E

* C – Compulsory / E – Elective

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

3.1 Number of hours per week	3	of which: 3.2 lecture	2	3.3 seminar/lab	1	
3.4 Number of hours in the curriculum	42	of which: 3.5 lecture	28	3.6 seminar/lab	14	
Time distribution						hrs
Study of the textbook, coursebook, bibliography and lecture notes						20
Additional research in the library, online and on the field						20
Preparation of seminars/labs, homework, projects, portfolios and essays						20
Tutorials						4
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	General conduct and behavior Students are expected to conduct themselves with consideration and respect for the needs of their fellow students and teaching staff. Conduct that unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class.
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5.2 For seminars / labs	<p>General conduct and behavior Students are expected to conduct themselves with consideration and respect for the needs of their fellow students and teaching staff. Conduct that unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class.</p>

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	The course aims to offer a broader picture on the theories, strategies, instruments connected to portfolio management. It addresses the question of how to construct portfolios of individual stocks and bonds that satisfy the objectives of an investor. It studies the theory of portfolio management, dynamic asset allocation, and dedicated investment strategies.
7.2. Specific objectives	<p>On completion of the course, the students will be able to:</p> <ul style="list-style-type: none"> • Discuss and interpret the concept of portfolio theory and relate it to asset pricing; • Apply portfolio theory and implement it given practical limitations such as short sales constraints; • Discuss and analyse several well-known active and passive investment strategies; • Evaluate and test alternative investment models and theories.



**8. Content**

8.1	Lectures	Teaching methods	Observations (hours & readings)
1.	Introduction to Portfolio Theory: Risk and Return	PowerPoint presentation, interactive course	2hrs (1)
2.	Modern Portfolio Theory: Correlation Structure	PowerPoint presentation, interactive course	2hrs (1)
3.	Mean variance analysis. Capital Allocation between Risky and Risk-free asset	PowerPoint presentation, interactive course	2hrs (1)
4.	The Valuation Process	PowerPoint presentation, interactive course	2hrs (1)
5.	Efficient Portfolios	PowerPoint presentation, interactive course	2hrs (1)
6.	Techniques for Calculating the Efficient Frontier	PowerPoint presentation, interactive course	4hrs (1)
7.	Asset Pricing: Capital Asset Pricing Model	PowerPoint presentation, interactive course	2hrs (1)
8.	Asset Pricing: Arbitrage Pricing Theory	PowerPoint presentation, interactive course	2hrs (1)
9.	Evaluation of Portfolio Performance	PowerPoint presentation, interactive course	2hrs (1)
10.	Active Investing vs. Passive Investing	PowerPoint presentation, interactive course	4hrs (1)
11.	International Diversification. Topics in Global/Emerging Markets Investing	PowerPoint presentation, interactive course	2hrs (1)
12.	Behavioral Finance, Investor Decision Making, and Asset Prices	PowerPoint presentation, interactive course	2hrs (1)
Bibliography			
Main readings:			
<ol style="list-style-type: none"> 1. Elton, Edwin, Gruber, Martin, Brown, Stephen, Goetzmann William, <i>Modern Portfolio Theory and Investment Analysis</i>, 9th Edition, John Wiley & Sons, 2014; 2. Bodie, Zvi, Kane, Alex, Marcus, Alan, <i>Investments</i>, 10th edition, McGraw Hill, 2011; 3. Elton, Edwin, Gruber, Martin, and Busse, Jeffrey. 2004. <i>Are Investors Rational? Choices Among Index Funds</i>. Journal of Finance. Vol. 59, No. 1: 261–288; 4. Howard, Thomas, <i>Behavioral portfolio management: How successful investors master their emotions and build superior portfolios</i>, Harriman House Publishing, 2014; 5. Reilly, Frank, Brown, Keith <i>Investment analysis and portfolio management</i>, Southwestern Cengage Learning, 2012; 6. Sharpe, William. 1992. <i>Asset Allocation, Management Style and Performance Measurement</i>. Journal of Portfolio Management. Vol. 18, No. 2: 7–19; 			
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)





1.	Efficient Markets Hypothesis in practice	Small group discussion, Simulation	2hrs (1)
2.	Duration Measures	Small group discussion, Simulation	2hrs (1)
3.	Markowitz optimal portfolio selection	Small group discussion, Simulation	2hrs (1)
4.	Applied Portfolio Strategies	Small group discussion, Simulation	2hrs (1)
5.	Alternative Portfolio strategies	Small group discussion, Simulation	2hrs (1)
6.	Global Portfolio Diversification, Risk and Return	Small group discussion, Simulation	2hrs (1)
7.	Performance Evaluation	Small group discussion, Simulation	2hrs (1)

Main readings:

1. Elton, Edwin, Gruber, Martin, Brown, Stephen, Goetzmann William, *Modern Portfolio Theory and Investment Analysis*, 9th Edition, John Wiley & Sons, 2014;
2. Bodie, Zvi, Kane, Alex, Marcus, Alan, *Investments*, 10th edition, McGraw Hill, 2011;
3. Elton, Edwin, Gruber, Martin, and Busse, Jeffrey. 2004. *Are Investors Rational? Choices Among Index Funds*. Journal of Finance. Vol. 59, No. 1: 261–288;
4. Howard, Thomas, *Behavioral portfolio management: How successful investors master their emotions and build superior portfolios*, Harriman House Publishing, 2014;
5. Reilly, Frank, Brown, Keith *Investment analysis and portfolio management*, Southwestern Cengage Learning, 2012;
6. Sharpe, William. 1992. *Asset Allocation, Management Style and Performance Measurement*. Journal of Portfolio Management. Vol. 18, No. 2: 7–19;

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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).

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.

10. Assessment

Type of activity	10.1 Assessment criteria	10.2 Assessment methods	10.3 Weight in final grade (%)
10.4 Lectures	<ul style="list-style-type: none"> Active involvement during the course classes 	<ul style="list-style-type: none"> The degree of involvement in discussions, answers to questions 	Exam: 50%





10.5 Seminars/ Labs	<ul style="list-style-type: none">Elaborate and present a research paper. Elaboration of a study case, active involvement during the seminar classes	<ul style="list-style-type: none">Quality of the research paper and its presentation, quality of study case, involvement in discussions, answers to questions	R: 25% S: 15% I: 10%
10.6 Minimum performance standard			
Minimum 5 for the written exam and minimum 5 as weighted average			
10.6 Minimum performance standard			
<ul style="list-style-type: none">Involvement in at least one of the case studiesInvolvement in writing and presentation of the student panel reportExam and final grade of minimum 5.			

Date
14.09.2023

Course Coordinator
Prof. Ovidiu STOICA

Seminar Coordinator
Prof. Ovidiu STOICA

Date of approval
26.09.2023

Head of Department
Prof. Ovidiu STOICA

