Asset valuation and selection

Academic Year: (2018 / 2019) **Review date: 28-08-2018**

Department assigned to the subject: Business Administration Department

Coordinating teacher: PEÑA SANCHEZ DE RIVERA, JUAN IGNACIO

Type: Electives ECTS Credits : 6.0

Year : 4 Semester :

REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Mathematics (Linear Algebra and Calculus), Statistics, Econometrics I and II, Microeconomics III, Financial Economics, Corporate Finance, Financial Systems

OBJECTIVES

The design and management of Long-run and short-run investment strategies

DESCRIPTION OF CONTENTS: PROGRAMME

PROGRAM:

Chapter 1. Introduction

What is this course about?
Grading
Data and Software
Asset standardized description
Project
Basic ideas
Asset classes: historical performance
CFD
ETF

Chapter 2. Why sustainable investing?

Evidence on Climate Change (CC)
Causes
Projections (IAM Models)
Consequences
Strategies
International protocols

Chapter 3. Green Investment Gap

Dealing with Climate Change
Green Investment Gap
ESG factors
Initiatives: UN, EU
The role of the insurance sector
Low Carbon Economy in six charts

Chapter 4. Sustainable Investing: Green Bonds

What is a green bond?
Labeling
The market of GB
Primary market
Secondary market
Portfolios

Real-economy effects

Chapter 5. Sustainable Investing: Stock Markets

Doing well or doing good?
ESG factors
Security selection
SRI performance
Testing factors
Multiple testing
ESG ratings
Trading strategies
Evaluating trading strategies

Chapter 6. Sustainable Investing: Green Real Estate

Real estate and the environment
Investing in energy efficiency
Green Buildings
REITS
Green mortgages

Chapter 7. Sustainable Investing: New markets

Carbon markets
CDM&JI
ETS
EU-ETS
Carbon prices
Carbon markets strategies
Tradable White certificates (Energy Savings Certificate, Energy Efficiency Credit).

Chapter 8. Investment strategies

Passive and Active investment strategy
Performance measures
J.M. Keynes as investor
Market timing
Security Selection
Warren Buffet, Georges Soros and the Norway Sovereign Fund
Global Asset Allocation

Chapter 9. Personal portfolio choice

Preliminaries
Life expectancy
Instruments
Insurance
Asset allocation
Investment funds
REITS

Chapter 10. Behavioral finance

Efficient Markets?

Some experiments
Psychology
Biases
Preferences
Prospect Theory
Limits to Arbitrage
Bubbles
Behavioral Investment Strategies

LEARNING ACTIVITIES AND METHODOLOGY

Methodology:
(1) Theory.
(2) Cases
(3) Computer simulations.
(4) Exercises
(5) Class discussion.

ASSESSMENT SYSTEM

Grading: Project paper, Cases and exercises, Class participation and Final Exam.
Project paper 30%
Cases and exercises/class participation 30%.
Project and cases: groups of 4 persons
Final Exam: 40%.
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% end-of-term-examination:	40
% of continuous assessment (assigments, laboratory, practicals…):	60

BASIC BIBLIOGRAPHY

- - COCHRANE, J.H. Asset Pricing, Princeton University Press. , 2005

- - DIMSON, E., P. MARSH, and M. STAUNTON Triumph of the Optimists: 101 Years of Global Investment Returns, Princeton University Press, 2002

- - SHEFRIN, H. Beyond Greed and Fear: Understanding Behavioral Finance, Oxford University Press. , 2002

- A. Ilmanen Expected returns, Wiley, 2011

- CAMPBELL, J. y VICEIRA, Strategic Asset Allocation, Oxford University Press, . 2002.

ADDITIONAL BIBLIOGRAPHY

- H. Minsky Stabilizing an unstable economy, McGraw Hill, 2008

- Monnery, N. Safe as Houses?. A Historical Analysis of Property Prices. ., London Publishing., 2011