Asset valuation and selection

Academic Year: (2022 / 2023) **Review date: 02-08-2022**

Department assigned to the subject: Business Administration Department

Coordinating teacher: PEÑA SANCHEZ DE RIVERA, JUAN IGNACIO

Type: Electives ECTS Credits : 6.0

Year : 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

Programming skills in Matlab o similar language (S, R).

OBJECTIVES

This course presents the main tools for designing and evaluating investment strategies. First, we review the main asset classes and investment instruments. After describing the main asset classes, investment instruments, and portfolio performance measures, we focus on the critical aspects of sustainable financial investing. Next, we review the elements of investment strategies, and the course ends with some suggestions for personal portfolio choice. All the material and the readings are in English.

DESCRIPTION OF CONTENTS: PROGRAMME

PROGRAM:

Chapter 1. Introduction

What is this course about?
Grading
Data and Software
Project
Asset standardized description

Chapter 2. Asset Classes, Investments Instruments, and Portfolio Performance

Asset Classes
Investment Instruments
Financial Risk Factors
CFD
Investment funds
ETF
Assessing Portfolio Performance

Chapter 3. Sustainable Finance

Why is sustainability important?
Traditional and sustainable finance
ESG factors
ESG Investment Strategies
Green Financial products

Chapter 4. The Elements of the Investment Strategy

Passive Investment
Active Investment
Asset Allocation

Security Selection
Market Timing

Chapter 5. Personal portfolio choice

Preliminaries
Life expectancy
Instruments
Insurance
Asset allocation
Investment funds
REITs

LEARNING ACTIVITIES AND METHODOLOGY

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

ASSESSMENT SYSTEM

GRADING:
¿ Groups (maximum four persons)
¿ Group Practice session (1-10) PDF reports : 10 x 4 = 40 points
¿ Individual Project: 60 points.

% end-of-term-examination:	0
% of continuous assessment (assigments, laboratory, practicals…):	100

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