



UNIVERSITÀ
CATTOLICA
del Sacro Cuore

Investment Risk Management

PROF. SWAWN MOBBS

COURSE AIMS

In this class, students will learn analytical tools for making investment decisions. These tools facilitate portfolio selection and the relating of risk with return. The application of these tools leads to an understanding of stocks, bonds, options and mutual funds. The material covered is about two-thirds quantitative and the rest institutional and descriptive. Fluency with college algebra and some calculus is required.

COURSE CONTENTS

Topics:

Investment Management Process

- Mutual Funds and Other Investment Companies (ch.4)
- Hedge Funds (c.26.1, 26.2)

Fixed Income Securities

- Bond Prices and Yields (ch.14)
- The Term Structure of Interest Rates (ch.15)
- Managing Bond Portfolios (ch.16)

Security Analysis

- Equity Valuation Models (ch.18)

Modern Portfolio Theory

- Capital Allocation to Risky Assets (ch.6)
- Optimal Risky Portfolios (ch.7)
- Index Models (ch.8)

Asset Pricing Theory

- The Capital Asset Pricing Model (ch.9)

Applied Portfolio Management

- Portfolio Performance Evaluation (ch.24)

Derivatives

- Option Valuation (ch.21)
- Futures (ch.22)
- Swaps and Risk Management (ch.23)

READING LIST

BODIE-KANE-MARCUS, *Investments*, McGraw Hill, Irwin, 2014, Tenth edition.

Partial slides and articles will be made available through the course Blackboard page.

TEACHING METHOD

Class lectures and discussion of relevant articles will be the primary method. There will also be a group project that will consist of a written assignment and presentation.

ASSESSMENT METHOD

Option (a) – For attending students, the course grade will be assigned based on the following components:

- Mid-course Exam: 35%
- End of course Exam: 35%
- Team Project: 25%
- Class Attendance/Participation: 5%

Details about the mid-course and end of course exams and the team project will be provided at the beginning of the course.

Option (b) – For non-attending students:
90-minute written exam.