CBN COLLABORATIVE POSTGRADUATE PROGRAMME
DEPARTMENT OF BANKING AND FINANCE, UNIVERSITY OF IBADAN
INVESTMENT ANALYSIS AND CAPITAL MARKET THEORY
MODULE SPECIFICATION

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1. **Module Title**: Investment Analysis and Capital Market Theory

2. **Module Code**: BAF 724

3. **Number of credits:** 3

4. **Level:** MSc

5. **Semester: 2**

6. **Pre-requisites for admission to the module (if any)**
   None

7. **Module Coordinator**
   Dr. Ibrahim Mohammed

8. **Aims**

   Upon completion of the course, students are expected to:

   1.1 Understand the basic theories and philosophy underlying the operations of investments in financial markets
   1.2 Understand the steps in the analysis of risk and return associated with various investments
   1.3 Calculate the expected return and risk of a security
   1.4 Compute the expected return and risk of a portfolio, as well as the co-variance and correlation among the various securities that constitute a given portfolio
   1.5 Apply the methods/procedures involved in portfolio identification and selection during the investment process.
   1.6 Apply the fundamental models for evaluating the performance of investment portfolios.

9. **Summary of Content**

   The role of financial markets in the intermediation process cannot be overstressed. Financial markets ensure the redeployments of financial resources from surplus to deficit units through the investment process. Thus, investment is the vehicle through which individuals and institutions achieve increased value and wealth creation which ultimately better the economic worth of individuals and nations. Investment is therefore at the forefront of promoting economic growth and development. However, the fact that investments are moderated by the risk that investors have to assume to create value makes it a systematic process that must be approached with the knowledge and analysis it deserves. This is especially true considering recent developments globally with respect to risk realignment, increased investor education and dynamic investor sentiments, astronomical growth in governance issues, as well as unprecedented economic crises and recessions. Despite these challenges, individuals and

institutions equipped with the requisite theories and tools of investment and capital market analyses have faired pretty well over the decades as they were able to reasonably anticipate risks and volatilities associated with capital market investments. Thus, this course essentially seeks to equip students at the Postgraduate level with these requisite theories and tools that are considered indispensable to investments, especially in global capital markets. To achieve this, the course covers the following important areas:

i. Overview of the concept of investment
ii. Security return and risk analysis
iii. Forecasting return on individual portfolios
iv. Portfolio selection
v. Evaluating portfolio performance
vi. Theories of capital market investment and portfolio management
vii. Financial markets
viii. Financial instruments
ix. Financial institutions
x. Pricing of securities at the stock exchange
xi. Performance of the Nigerian Stock Exchange

10. Module Intended Learning Outcomes (MILOs)

Upon successful completion of this module, students will be able to:

No.	Milos	Weighting (%)
1	Explain the importance of investment in the wealth creation process as well as the circular flow of income cycle	Refer to no.15
2	Identify the various distinguishing features/characteristics of investment that distinguishes it from gambling and speculation, as well as the various classifications of investment	
3	Calculate the historical and expected return and standard deviation (risk) of a single security	
4	Construct a simple portfolio consisting of 2 to 4 securities	
5	Compute essential portfolio metrics such as portfolio return, risk (standard deviation), co-variance and correlation	
6	Apply the portfolio model to select an efficient portfolio among an array of portfolios	
7	Evaluate the performance of constructed portfolios using portfolio evaluation tools such as Sharpe ratio, Treynor's measure and Jensen's alpha	
8	Explain the theories of portfolio management and capital market investment	
9	Apply the theories of portfolio management to constructing efficient investment portfolios	
10	Explain the role of financial markets in facilitating investment and financial intermediation	
11	Explain the functions of financial instruments in financial markets	

	and within the financial intermediation cycle	
12	Explain the role of financial market institutions who operate in and those who regulate the operations of financial markets	
13	Explain the pricing of securities and performance of the stock exchange	

11. Teaching and Learning Activities (TLAs)

MILO No.	TLAs	Functions	Hours/Week
1,2,3,4,5,6,7,8,9,10,11,12,13	Lectures and materials	Course instructors will introduce, with appropriate audio-visual materials, the fundamental concepts and models of investment and portfolio management through lectures.	**3hours**
1,2,3,4,5,6,7,8,9,10,11,12,13	Tutorials (Case study, Group Discussion, Quizzes, presentations, peer review, role play)	Tutorial sessions will introduce experiential forms of learning activities such as case studies, group discussion, presentations, peer review, quizzes and role play. Emphasis will be placed on more in-depth learning of the processes, tools, and techniques in investment analysis and portfolio management	**3 hours**

12. Assessments Tasks/Activities

MILO No.	Type of assessment tasks/activities	Weighting (if applicable)	Remarks
1,2,3,4,5,6,7,8,9,10,11,12,13	**Examination** Students are required to participate in a three-hour examination to test their acquisitions of concepts and knowledge, as well as ability to apply simple investment and portfolio models to real life investment situation.	70%	
1,2,3,4,5,6,7,8,9,10,11,12,13	**Written Test/Quizzes** 1-hour written test/Pop Quizzes	20%	Week 7/On Going basis
1,2,3,4,5,6,7,8,9,10,11,12,13	**Assignments** Assessment is	10%	Case study analysis and

	comprising group work assignment and individual assignment.		Report type-analysis on investment analysis, portfolio construction, measurement and evaluation

13. Attendance Requirements

Students are required to attend all tutorials and lectures and laboratory sessions (if any),

14. Contribution to Programme Learning Outcomes

No	PILOs	MILO No
1	Demonstrate understanding of investment as it applies to individuals and institutions and how to calculate return and risk of individual securities	1,2,3
2	Apply the knowledge of features and types of investments to distinguish investments from other forms of money-sinking activities	
3	Apply knowledge of constructing investment portfolios from a given number of securities to diversify unsystematic risk and enhance efficient wealth creation	3,4,5
4	Manage selected portfolio(s) through the application of portfolio models to identify and concentrate on efficient portfolios with the most value-enhancing characteristics	4,5,6
5	Demonstrate portfolio evaluation skills by analyzing which existing portfolio(s) best outperforms its peers	4,5,6,7
6	Apply the theories of portfolio management to solving real-life portfolio selection and evaluation problems	4,5,6,7,8,9
7	Demonstrate the indispensability of financial markets to the concept of investment and capital market theory	10
8	Apply knowledge of financial instruments within the framework of financial markets in a way as to match the tenure and gestation period of financial instruments with their proposed maturity	10,11
9	Demonstrate application of the functions of financial institutions as catalysts for the intermediation process within formal financial systems	9,10,11,12
10	Apply security pricing models in determining the intrinsic value of securities and other forms of financial assets traded in capital markets	10,11,12,13

15. Grading of Student Achievement

Letter Grade	% Mark	Grade Definitions	Remarks
A	70-100	**Excellent**	Demonstrate excellent understanding of the subject matter
B	60-69	**Good**	Demonstrate a good understanding of the subject matter, though missing some of the points
C	50-59	**Average**	Demonstrate an adequate understanding of the core of the subject matter.
F (Fail)	<50%	**Fail**	Demonstrate a poor understanding of the subject matter.

16. Resources

Suggested primary texts

No	Name of Author(s)	Year of Publication	Title of Book	Edition	Publisher's Name	ISBN
1	Bodie, Z., Kane, A., & Marcus, A. J.	2018	ISE Essentials of Investments	Eleventh Edition	McGraw-Hill Irwin	ISBN: 978-1260288391
2	Bhalla, V. K.	2012	Investment Management: Security Analysis and Portfolio Management	Nineteenth Revised Edition	S. Chand and Company Limited, New Delhi	ISBN-9788121912488

Suggested secondary texts

No	Name of Author(s)	Year of Publication	Title of Book	Edition	Publisher's Name	ISBN
1	Pandian, P.	2009	Security Analysis and Portfolio Management	2nd Edition	Vikas Publishing House Pvt Limited	9789325963085
2	Chandra, P.	2017	Investment Analysis and Portfolio Management	5th Edition	Mc Graw Hill	9789385965579
3	Reilly F. & Brown K.	2012	Investment Analysis and Portfolio Management	10th Edition	CENGAGE Learning	ISBN: 978-0-538-482387
4	Robert L. Hagin	2003	Investment Management:	1st Edition	Wiley and Sons	978-0471469209

			Portfolio Diversification, Risk and Timing-Fact and Fiction			
5	Sergio M. Focardi & Frank J. Fabozzi	2004	The Mathematics of Financial Modelling and Investment Management	1st Edition	Wiley and Sons	978-0471465997

Suggested Journals

Journal of Finance and Quantitative Analysis
Investment Analysts Journal
The Journal of Investing
Journal of Finance and Investment Analysis
Journal of Portfolio Management
Harvard Business Review
International Journal of Portfolio Analysis and Management

Facilities Requirements

A lecture room with appropriate teaching and lab (if any) facilities