



## GRADUATE SCHOOL

### **GM1003 Investments, 7.5 higher education credits**

Investeringar och marknader, 7,5 högskolepoäng

*Second Cycle*

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#### **Confirmation**

This course syllabus was confirmed by School of Business, Economics and Law on 2010-01-22 and was last revised on 2016-12-13 to be valid from 2017-01-16, spring semester of 2017.

*Field of education:* Social Sciences 100%

*Department:* Graduate School

#### **Position in the educational system**

The course can be part of the following programmes: 1) Master of Science in Knowledge-based Entrepreneurship (S2KEN), 2) Program in Environmental Social Science (S1SML), 3) Master of Science in Management (S2MAN), 4) Master of Science in Marketing and Consumption (S2MAC), 5) Mathematical Sciences, Master's Programme (N2MAT), 6) Master of Science in Accounting (S2ACC), 7) Master of Science in Economics (S2ECO), 8) Master of Science in Accounting and Financial Management (S2REF), 9) Programme in Business and Economics (S1HEG), 10) Master of Science in Finance (S2FIN), 11) Master of Science in International Business and Trade (S2IBT), 12) Master of Science in Logistics and Transport Management (S2LOG), 13) Master of Science in Innovation and Industrial Management (S2IFM) and 14) Programme in Business and Economics (S1HEM)

*Main field of studies*

Finance

*Specialization*

A1N, Second cycle, has only first-cycle course/s as entry requirements

#### **Entry requirements**

To be eligible for the course Investments the participant must fulfil the entrance qualifications for the Master of Science programmes in Economics or the Master of

Science in Finance. For programme specific entrance requirements, see programme syllabus.

The students must have followed (or demonstrated corresponding qualifications to) the courses Mathematics, Advanced Microeconomic Theory and Graduate Econometrics during the first term of the Master in Finance programme.

Students admitted and registered on the Master Program in Mathematical Sciences at the University of Gothenburg are also eligible for the course.

### **Learning outcomes**

After completion of the course, the student shall be able to:

1. have a good understanding of how individual state/preference investors form their optimal portfolios.
2. have a good understanding of how individual decisions lead to models for market equilibrium asset prices.
3. be able to analyze the effects that asymmetries (differences in investors' situation and informational differences) have on investor choices and market equilibrium.

### **Course content**

This course covers different aspects of financial decision-making under uncertainty and focuses on the link between Asset Pricing and Portfolio Choice. The focus in this course is on finite dimensional state/preference models, which enables a simultaneous analysis of both asset pricing and portfolio choice. It introduces the following fundamental concepts:

- Uncertainty and state/preferences, savings vs. consumption, and risk-aversion.
- Supply and demand, equilibrium, the capital asset pricing model, pricing kernels.
- Market incompleteness, investor asymmetry, investment advice.

### **Form of teaching**

Lectures and assignments.

*Language of instruction:* English

### **Assessment**

The learning outcomes are assessed through five hand-in assignments, worth in total 35%, and one (final) written exam, worth 65 %. In order to pass the course, the student must pass all five assignments and the written exam.

If a student, who has failed the same examined component twice, wishes to change examiner before the next examination, a written application shall be sent to the

department responsible for the course and shall be granted unless there are special reasons to the contrary (Chapter 6, Section 22 of Higher Education Ordinance).

In cases where a course has been discontinued or has undergone major changes, the student shall normally be guaranteed at least three examination occasions (including the ordinary examination) during a period of at least one year from the last time the course was given.

The number of examinations is limited to five.

### **Grades**

The grading scale comprises: Pass with Distinction (VG), Pass (G) and Fail (U).

For Pass on the course, Pass is required on each of the five hand-in assignments and on the final written exam. For Pass with Distinction on the course, Pass with Distinction is required on the final exam and Pass or Pass with Distinction is required on each of the five hand-in assignments.

### **Course evaluation**

The course will be evaluated upon completion.

The results of and possible changes to the course will be shared with students who participated in the evaluation and students who are starting the course.