

## COURSE SPECIFICATION DOCUMENT

<b>Academic School/Department:</b>	Richmond Business School
<b>Programme:</b>	Finance and Investment Accounting and Finance
<b>FHEQ Level:</b>	6
<b>Course Title:</b>	The Global Investor
<b>Course Code:</b>	FNN 6103
<b>Student Engagement Hours:</b>	160
Lectures/Seminars/Supervision	60
Independent / Guided Learning:	100
<b>Semester:</b>	Spring
<b>Credits:</b>	16 UK CATS credits 8 ECTS credits 4 US credits

### **Course Description**

This course critically considers the tools and techniques available to the contemporary investor facing a near-global financial system. A consideration of the practical implementation of modern portfolio theory (MPT) across a broad range of instruments, including standards for individual instrument selection, leads to critical analysis of its conceptual foundations. Alternatives are considered, including APT, fundamental analysis and technical analysis.

**Prerequisites** FNN 5200 or FNN 5205

### **Aims and Objectives:**

- To develop a full understanding of the nature and role of the global financial system
- To learn how to develop investment objectives, both strategic and tactical, and construct appropriate multi-asset portfolios
- To be able to apply a range of analytical tools and techniques: financial, economic, market, and interpret the results for robust decision-making
- To learn how to monitor the portfolio and respond to changes incircumstances

- To learn how to measure and evaluate performance

### **Programme Outcomes**

Finance and Investment: A2, A4, B1, B2, B4, C1, C2, D1, D2, D4, D5

Accounting and Finance: A1, A4, B1, B2, C1, D1, D2, D4, D5

A detailed list of the programme outcomes is found in the Programme Specification. This is maintained by Registry and located at:

<https://www.richmond.ac.uk/programme-and-course-specifications/>

### **Learning Outcomes**

Upon completion of this course, a successful student should be able to

#### **Knowledge and Understanding**

1. Develop a full understanding of the nature and role of the international financial system, especially its investment markets.
2. The ability to develop investment objectives, both strategic and tactical, and construct appropriate multi-asset portfolios.
3. Understand and critique a wide range of analytical tools and techniques for the construction of a global investment portfolio, including risk management, and interpret the outcomes.
4. Critical monitoring of the global investment portfolio, and the ability to recommend alterations in response to changing circumstances.
5. Understand how to measure and evaluate investment performance.

#### **Cognitive Skills**

1. Understanding the language and jargon of finance in a global area, and be able to converse fluently.
2. Understanding the nature and role of the international financial system—including its regulation.
3. To understand the various tools and techniques for investment decision-making, including hedging.
4. To compare and contrast modern portfolio theory with alternatives such as behavioural finance, fundamental analysis and technical analysis.

#### **Practical and/or Professional Skills**

1. Quantitative and IT skills including the framing of data, its interpretation, extrapolation and presentation.
2. Integration of empirical data within a textual-based report.
3. To be able to compare and contrast key international financial decision-making techniques in the context of a changing international environment.
4. The ability to apply use international financial investment tools, both to hedge risk and inform the making of other key decisions, both tactical and strategic.

## Key Skills

1. Effective communication skills via a range of media.
2. Ability to develop strong analytical skills through listening, discussion and reflection.

## Indicative Content

1. The evolution of the financial system in response to changing circumstances.
2. Critical examination of modern portfolio theory.
3. Advances in portfolio theory: the APT.
4. An introduction to behavioural finance.
5. Fundamental analysis.
6. An introduction to technical analysis.
7. Hedging portfolio risk: forwards, futures, options, swaps, other.
8. Commodities and other alternative investments.
9. Portfolio measurement and evaluation.

## Assessment

This course conforms to the University Assessment Norms approved at Academic Board and are located at <https://www.richmond.ac.uk/university-policies>.

## Teaching Methodology

Semi-formal weekly presentation of material in lecture format interspersed with discussion. Supplemented with a rigorous set of readings and some audio-visual material. Full use of IT, particularly Excel™, but also including social media and podcasts, is encouraged and supported. The empirical project is of crucial impact as a learning tool. Individual or group supervisions will be provided for the set projects/assignments.

## Bibliography

- Brealey, Richard A., Stewart C. Myers and Franklin Allen (2019) *Principles of Corporate Finance*, thirteenth edition, McGraw-Hill Irwin
- Cohen, Ivan K. (2005) *Focus on Financial Management*. Imperial College Press
- Cohen, Ivan K. (2015) *Economics for Business: A Guide to Decision Making in a Complex Global Macroeconomy*. Kogan Page
- Cohen, Ivan K. and Khine Kyaw (2009), *Globalisation of Financial Markets*. London: ifs School of Finance
- Durlauf, Steven N. and Lawrence E. Blume (Edited by) (2010) *Behavioural and Experimental Economics (The New Palgrave Economics Collection)*. Palgrave Macmillan
- Gibson, Roger C. (2013) *Asset Allocation: Balancing Financial Risk*, fifth edition. McGraw-Hill
- Higgins, Robert C., Jennifer L. Koski and Todd Mitton (2018) *Analysis for Financial Management, twelfth edition*. McGraw-Hill
- Reilly, Frank K. and Keith C. Brown (2015), *Investment Analysis and Portfolio Management*, EMEA edition. Thomson/South-Western
- Ross, Stephen A., Randolph W. Westerfield and Jeffrey Jaffe (2018) *Corporate Finance*, twelfth edition. Irwin/McGraw-Hill
- Rutterford, Janette with Marcus Davison (2007) *An Introduction to Stock Exchange Investment*, third edition. Palgrave Macmillan
- Soros, George (2008) *The New Paradigm for Financial Markets: The Credit Crisis of 2008 and What It Means*. Public Affairs

Taleb, Nassim Nicholas (2007), *Fooled by Randomness: The Hidden Role of Chance in Life and in the Markets*. Penguin Books

Taleb, Nassim Nicholas (2007), *The Black Swan: The Impact of the Highly Improbable*. Penguin Books

Valdez, Stephen and Philip Molyneux (2015) *An Introduction to Global Financial Markets*, 8th edition. Palgrave Macmillan

### **Journals**

*American Economic Review* ([www.aeaweb.org/journals/aer](http://www.aeaweb.org/journals/aer))

*Economic Journal* ([www.res.org.uk/journals/the-economic-journal.html](http://www.res.org.uk/journals/the-economic-journal.html))

*Journal of Economic Perspectives* ([www.aeaweb.org/journals/jep](http://www.aeaweb.org/journals/jep))

*Journal of International Money and Finance* ([www.journals.elsevier.com/journal-of-international-money-and-finance](http://www.journals.elsevier.com/journal-of-international-money-and-finance))

*Journal of Political Economy* ([www.journals.uchicago.edu/toc/jpe/current](http://www.journals.uchicago.edu/toc/jpe/current))

*Quarterly Journal of Economics* ([academic.oup.com/qje](http://academic.oup.com/qje))

### **Web Sites**

*The Economist* ([www.economist.com](http://www.economist.com))

*The Financial Times* ([www.ft.com](http://www.ft.com))

*Global Association of Risk Professionals*

([www.garp.org](http://www.garp.org)) *Investors Chronicle*

([www.investorchronicle.co.uk](http://www.investorchronicle.co.uk)) *The Wall Street*

*Journal* ([www.wsj.com](http://www.wsj.com))

Bank of England ([www.bankofengland.co.uk](http://www.bankofengland.co.uk))

Bank for International Settlements (BIS)

([www.bis.org](http://www.bis.org)) The Bank of Japan ([www.boj.or.jp/en](http://www.boj.or.jp/en))

The Bundesbank

([www.bundesbank.de](http://www.bundesbank.de)) CFA Institute

([www.cfainstitute.org](http://www.cfainstitute.org))

The Chartered Institute for Securities and Investment (CISI) ([www.cisi.org](http://www.cisi.org))

CIA World Factbook ([www.cia.gov/library/publications/the-world-factbook/](http://www.cia.gov/library/publications/the-world-factbook/))

Classic Financial Scandals

([www.ex.ac.uk/~RDavies/arian/scandals/classic.html](http://www.ex.ac.uk/~RDavies/arian/scandals/classic.html)) CME Group

([www.cmegroup.com](http://www.cmegroup.com))

CNBC ([www.cnbc.com](http://www.cnbc.com))

The European Union ([europa.eu](http://europa.eu))

The European Central Bank (ECB)

([www.ecb.int](http://www.ecb.int)) The Federal Reserve

([www.federalreserve.gov](http://www.federalreserve.gov))

FRED (Federal Reserve Economic Data) ([fred.stlouisfed.org](http://fred.stlouisfed.org))

Futures and Options World (The Global Investor Group)

([www.globalinvestorgroup.com](http://www.globalinvestorgroup.com)) Global Finance ([www.gfmag.com/topics/global-investing](http://www.gfmag.com/topics/global-investing))

Global Investing (MSCI) ([www.msci.com/research/global-investing](http://www.msci.com/research/global-investing))

Google Finance ([www.google.co.uk/finance?tab=we](http://www.google.co.uk/finance?tab=we))

Global Financial Data

([www.globalfinancialdata.com/index.html](http://www.globalfinancialdata.com/index.html)) Institutional

Investor ([www.institutionalinvestor.com](http://www.institutionalinvestor.com))

The International Monetary Fund (IMF)

