



LUND
UNIVERSITY

School of Economics and Management

NEKH81, Economics: Portfolio Selection, 7.5 credits *Nationalekonomi: Portföljvalsteori, 7,5 högskolepoäng* First Cycle / Grundnivå

Details of approval

The syllabus was approved by The Board of the Department of Economics on 2011-06-07 and was last revised on 2022-09-13. The revised syllabus applies from 2023-01-16, spring semester 2023.

General Information

This is a single subject intermediate course in economics belonging to the 'Financial Economics' specialisation. The course is optional within a number of undergraduate programmes at Lund University.

Language of instruction: Swedish

In some semesters the course can be taught in English, see the appropriate application catalogue.

Main field of studies

Economics

Depth of study relative to the degree requirements

G1F, First cycle, has less than 60 credits in first-cycle course/s as entry requirements

Learning outcomes

Knowledge and understanding

Students shall have demonstrated a knowledge of portfolio theory and investment analysis, with particular emphasis on:

- the mean-variance model, especially ability to explain and critically appraise how the optimal portfolio is identified with and without a risk-free asset,
- factor models, including both the single index model and multifactor models,
- equilibrium models, with emphasis on the standard capital asset pricing model and the arbitrage pricing model,
- the efficient market hypothesis, especially knowledge of, and explanations of anomalies and how to test for inefficiencies by event-studies,

- valuation models, including both single-period and multi-period growth models,
- evaluation of portfolio management by benchmarking as well as by single parameter techniques.

Competence and skills

Students shall have demonstrated an ability to independently:

- make calculations in order to construct a mean-variance efficient optimal portfolio by means of suitable software and empirical data,
- make calculations in order to construct efficient portfolios based on factor models,
- make calculations in order to test equilibrium pricing models such as the capital asset pricing model,
- analyse and interpret the results of their own applied work and testing,
- communicate the results, analyses and conclusions of an empirical financial investigation clearly and unambiguously to non-specialist audiences.

Judgement and approach

Students shall have the ability to pursue further studies in the subject and should be able to search for and evaluate information with a high degree of independence. Students shall also have sufficient competence to individually write an empirically orientated paper.

Course content

This is a course in both theoretical and applied portfolio analysis. Topics covered include problems related to mean-variance theory, index models, equilibrium and arbitrage pricing models, theories about efficient markets, valuation and evaluation of portfolio management and investment analysis. The course aims at training students in using software in order to identify optimal portfolios under different market conditions.

Course design

1. Teaching: Tuition consists of lectures and computer exercises. Assigned readings are an integral part of the teaching methods.

Assessment

1. Examination: The examination consists of computer-based assignments and a written examination covering the reading materials and lectures. Each part of the examination must be passed. The written exam takes place at the end of the course. There will be further opportunities for examination close to this date. Other forms of examination may be used to a limited extent.

2. Limitations on the number of examination opportunities: –

The University views plagiarism and other academic dishonesty very seriously, and will take disciplinary action against students for any kind of attempted malpractice in connection with examinations and assessments. Plagiarism is considered to be a very

serious academic offence. The penalty that may be imposed for this, and other unfair practices in examinations or assessments, includes suspension from the University for a specified period.

The examiner, in consultation with Disability Support Services, may deviate from the regular form of examination in order to provide a permanently disabled student with a form of examination equivalent to that of a student without a disability.

Subcourses that are part of this course can be found in an appendix at the end of this document.

Grades

Marking scale: Fail, E, D, C, B, A.

1. Grade (Definition), Points or percentage out of maximum points, Characteristic
 A (Excellent), 85–100, A distinguished result that is excellent with regard to theoretical depth, practical relevance, analytical ability and independent thought.
 B (Very good), 75–84, A very good result with regard to theoretical depth, practical relevance, analytical ability and independent thought.
 C (Good), 65–74, The result is of a good standard with regard to theoretical depth, practical relevance, analytical ability and independent thought.
 D (Satisfactory), 55–64, The result is of a satisfactory standard with regard to theoretical depth, practical relevance, analytical ability and independent thought.
 E (Sufficient), 50–54, The result satisfies the minimum requirements with regard to theoretical depth, practical relevance, analytical ability and independent thought, but not more.
 U (Fail), 0–49, The result does not meet the minimum requirements with regard to theoretical depth, practical relevance, analytical ability and independent thought.
 Students have to receive a grade of E or higher in order to pass a course.
2. Weighting grades from different parts of the course: –
3. Grading scales for different parts of the course: –

Entry requirements

At least 20 ECTS-credits from the introductory course in economics, of which at least 7.5 ECTS-credits in microeconomics are needed for admission till all intermediate courses in economics. To be admitted to this particular course students must also have passed a course in basic financial economics.

Further information

1. Transitional regulations: This course replaces NEKK11 "Portfolio Selection".
2. Limitations in the period of validity: –
3. Limitations: This course may not be included in the same degree as NEK623 "Portfolio Selection" or NEKK11 "Portfolio Selection".
4. Similar courses: –
5. Limitations in renewed examination: –

Subcourses in NEKH81, Economics: Portfolio Selection

Applies from H11

1101 Portfolio Selection, 7,5 hp
Grading scale: Fail, E, D, C, B, A