

Valid from 2025.FS

<b>Module description: Financial Instruments &amp; Portfolio Theory</b>					
<b>Module Code</b>	w.BA.XX.3FIPT-BF.XX				
<b>ECTS Credits</b>	6				
<b>Language of Instruction/Examination</b>	English				
<b>Module Description</b>	Students are introduced to the core concepts of finance with a focus on understanding and calculating the risk and return profiles of various financial instruments, including bonds, options, and futures. They learn the significance of diversification in reducing risk and explore methods for constructing efficient portfolios. Additionally, students analyze the role of financial products in portfolio management and are introduced to sustainable investing principles, such as ESG (environmental, social, and governance) components, and strategies for aligning investments with measurable sustainability goals.				
<b>Organizational Unit</b>	Institut für Wealth & Asset Management				
<b>Module Coordinator</b>	Martin Schnauss				
<b>Deputy Module Coordinator</b>	Thomas Gramespacher				
<b>Program and Specialization</b>	<ul style="list-style-type: none"> <li>• Business Administration - Specialization in Banking and Finance</li> </ul>				
<b>Legal Framework</b>	Academic Regulations BSc dated 29.01.2009, for the degree programs in Business Administration, International Management, Business Information Technology, Business Law, Business Law and Applied Law, first adopted on 12.05.2009				
<b>Module Category</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"><b>Module Type</b></td> <td style="width: 50%;"><b>Program Phase</b></td> </tr> <tr> <td>Compulsory</td> <td>Main Study Period</td> </tr> </table>	<b>Module Type</b>	<b>Program Phase</b>	Compulsory	Main Study Period
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Compulsory	Main Study Period				
<b>Prerequisite Knowledge</b>	Basic knowledge of mathematics and statistics, particularly in probability theory and fundamental statistical concepts such as means, variance, and correlation. A basic understanding of financial mathematics, such as compound interest calculations, is helpful but not mandatory.				
<b>Contribution to Program Learning Objectives (by the concerned Module)</b>	<ul style="list-style-type: none"> <li>• Professional Competence</li> <li>• Methodological Competence</li> <li>• Social Competence</li> <li>• Self-Competence</li> </ul>				
<b>Contribution to Program Learning Objectives</b>	<p><b>Professional Competence</b></p> <ul style="list-style-type: none"> <li>• Knowing and Understanding Content of Theoretical and Practical Relevance</li> <li>• Apply, Analyze, and Synthesize Content of Theoretical and Practical Relevance</li> <li>• Evaluate Content of Theoretical and Practical Relevance</li> </ul> <p><b>Methodological Competence</b></p> <ul style="list-style-type: none"> <li>• Problem-Solving &amp; Critical Thinking</li> <li>• Scientific Methodology</li> <li>• Work Methods, Techniques, and Procedures</li> <li>• Information Literacy</li> <li>• Creativity &amp; Innovation</li> </ul> <p><b>Social Competence</b></p> <ul style="list-style-type: none"> <li>• Written Communication</li> <li>• Oral Communication</li> <li>• Teamwork &amp; Conflict Management</li> <li>• Intercultural Insight &amp; Ability to Change Perspective</li> </ul> <p><b>Self-Competence</b></p> <ul style="list-style-type: none"> <li>• Self-Management &amp; Self-Reflection</li> <li>• Ethical &amp; Social Responsibility</li> <li>• Learning &amp; Change</li> </ul>				

## Module description: Financial Instruments & Portfolio Theory

<b>Module Learning Objectives</b>	<p>Students...</p> <ul style="list-style-type: none"> <li>• understand the concept of risk and return for investments and the mechanism of diversification.</li> <li>• analyze the formation of prices in an equilibrium model of the capital market.</li> <li>• know the concept of the time value of money and its application in investment decisions.</li> <li>• understand the relationship between the structure of interest rates and bond prices.</li> <li>• identify the main drivers of option prices and their implications for market behavior.</li> <li>• gain insight into the characteristics and functioning of options and futures markets.</li> <li>• understand the link between spot and futures prices, including arbitrage opportunities.</li> <li>• calculate the risk and return of individual assets and diversified portfolios.</li> <li>• form portfolios on the efficient frontier and visualize them in a risk/return diagram.</li> <li>• calculate the fair price of risky assets using the capital asset pricing model (CAPM).</li> <li>• compute prices of financial instruments, including bonds, options, and futures.</li> <li>• construct appropriate option strategies aligned with specific market views.</li> <li>• apply risk-adjusted performance measures, such as the Sharpe ratio, to assess portfolio quality.</li> <li>• evaluate assets using the security market line (SML) and Jensen's alpha.</li> <li>• compare an asset's market price with its fair value to suggest appropriate investment actions.</li> <li>• incorporate ESG (environmental, social, and governance) principles into investment decisions, including understanding sustainable investment strategies like negative screening, thematic investing, and impact investing.</li> <li>• communicate the risk/return characteristics of a portfolio or fund effectively to potential clients, emphasizing ESG alignment where applicable.</li> </ul>		
<b>Module Content</b>	<ul style="list-style-type: none"> <li>• Risk and return of Investments: Understanding the risk and return characteristics of individual assets and portfolios, including their impact on long-term financial strategies.</li> <li>• Efficient diversification: Exploring concepts like minimum variance and optimum portfolio construction, emphasizing the role of diversification in reducing risk.</li> <li>• The Capital Asset Pricing Model (CAPM): Application of CAPM to evaluate the fair value of assets, including the use of the Capital Market Line (CML) and Security Market Line (SML) to assess portfolio performance.</li> <li>• Risk and return of bonds: Analyzing the relationship between bond prices, yield structures, and interest rate risks to understand fixed-income investments.</li> <li>• Characteristics and prices of options and futures: Examining the valuation and strategic use of derivatives, including the computation of fair prices and their application in hedging and speculation.</li> <li>• Incorporating ESG Principles: Understanding environmental, social, and governance (ESG) criteria in investment decision-making. Topics include sustainable investing strategies (e.g., negative screening, thematic investing, and impact investing) and assessing the alignment of financial instruments with ESG goals.</li> </ul>		
<b>Links to other modules</b>	<p>This module is linked to the following modules:</p> <ul style="list-style-type: none"> <li>• w.BA.XX.2AIM.XX</li> <li>• w.BA.XX.2BF.XX</li> <li>• w.BA.XX.2CFRM.XX</li> <li>• w.BA.XX.2Mathe1.XX</li> <li>• w.BA.XX.2QMeth.XX</li> <li>• w.BA.XX.2Stat.XX</li> <li>• w.BA.XX.2WMC.XX</li> </ul>		
<b>Digital Learning Resources</b>	<ul style="list-style-type: none"> <li>• Teaching Videos</li> <li>• Practice and Application Exercises (with Key)</li> <li>• Case Studies (with Key)</li> <li>• Instructional videos</li> <li>• Exercises and practical tasks (including solutions)</li> <li>• Case studies (including solutions)</li> </ul>		
<b>Methods of Instruction</b>	<table border="1" style="width: 100%;"> <tr> <td style="width: 60%;"> <ul style="list-style-type: none"> <li>• Problem-Oriented Teaching</li> <li>• Exercises</li> <li>• Case Studies</li> <li>• Application Tasks</li> </ul> </td> <td style="width: 40%;">           Social Settings Used:         </td> </tr> </table>	<ul style="list-style-type: none"> <li>• Problem-Oriented Teaching</li> <li>• Exercises</li> <li>• Case Studies</li> <li>• Application Tasks</li> </ul>	Social Settings Used:
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## Module description: Financial Instruments & Portfolio Theory

<b>Type of Instruction</b>		<b>Classroom Instruction</b>	<b>Guided Self-Study</b>	<b>Autonomous Self-Study</b>	
	Large Class	28 h	56 h		
	Small Class	28 h	-		
	Group Instruction	-	-		
	Practical Work	-	-		
	Seminar	-	-		
	<b>Total</b>	<b>56 h</b>	<b>56 h</b>	<b>68 h</b>	
<b>Performance Assessment</b>	<b>End-of-module exam</b>		<b>Form</b>	<b>Length (min.)</b>	<b>Weighting</b>
	Written exam		closed book	60	100.00
	<b>Permitted Resources</b>		Spec. calculator acc. to leaflet "Utilities"	With dictionary	
	<b>Others</b>	<b>Assessment</b>	<b>Format</b>	<b>Length (min.)</b>	<b>Weighting</b>
	-	-	-	-	-
<b>Classroom Attendance Requirement</b>	None				
<b>Compulsory Reading</b>	<ul style="list-style-type: none"> <li>• Bodi, Z. &amp; Kane, A. (2013). 9 Edition. New York: McGraw-Hill/Irwin. ISBN 978-0-07-714824-9. All editions from the 9th ascending are ok.</li> </ul>				
<b>Recommended Reading</b>	<ul style="list-style-type: none"> <li>• (2017). 11th Hour Guide for Level I Cfa Exam. 1 Edition. New Jersey: Wiley. ISBN 978-1119331131. All editions are ok.</li> </ul>				
<b>Comments</b>					