



The Hashemite University
Faculty of Economics & Administrative Science
Department of Financial Economics

Course Name: Fundamentals of Financial Investment

Course code: 1802012312

Pre-request: Financial Economic I (1802012201)

Instructor	Office Hours	S., T., & TH. 10,30 -11,30
Office / phone Ext.	Econ.	E-mail@hu.edu.jo

Course Description and Objectives:

This course is designed to provide an understanding of the investment process and the potential risks and returns associated with investing in financial assets . A broad range of topics is covered to provide basic knowledge of:

- 1- The various types of investment instruments
- 2- Trading mechanisms available in the financial markets
- 3- Risk measurement and the relation of risk to security and portfolio returns
- 4- Analytical techniques used for the evaluation of financial assets

Course Materials

Required text : the required text for the course is Bodie , Kane and Marcus, Essentials of Investments, 8 Edition : Irwin/Mcgraw- Hill Publishing (2010)

Students Responsibilities

To get the most out of this course, you should attend every class meeting . all of the understanding of the material contained in the text will be presented in the lecture and any difficulties you have solving the assigned problems will be addressed in the lecture.

Therefore, you should make every effort to attend all the classes. The chapters that will be covered and the end-of – chapter questions and problems for which you are responsible it is expected that you have read the material and have at least attempted to work all of the questions and problems assigned prior to coming to the next class period .

Students evaluation:

You will be evaluated according to your performance on three exams and assignments . the computation of your average numerical score for the course will be based on the following weighted scheme :

Exam	Day/Date	Time	Place	Weight
Midterm exam		TBA	TBA	30%
Class Activities	Every lecture		Class Room	30%
Final Exam	To be assigned by the registrar office	TBA	TBA	40%

Exams will include both types of multiple choices questions, problem solving questions, and analyzing questions. The exams will be designed to test your understanding of both fundamentals and technical topics covered in the class and contained in the text.

Academic Honesty:

All the assignments and work submitted by the student should be his or her own. All actions of academic dishonesty including cheating, plagiarism or helping other students in such actions will be dealt with strictly according to the university regulations

Tentative course outline:

Chapter 1: Investment : Background and Issues

- 1.1 Real Assets Versus Financial Assets
- 1.2 A Taxonomy of Financial Assets
- 1.3 Financial Markets and the Economy
- 1.4 The Investment Process
- 1.5 Markets are Competitive
- 1.6 The Players
- 1.7 Recent Trends

Chapter 2: Asset Classes and Financial Instruments

- 2.1 The Money Market
- 2.2 The Bond Market
- 2.3 Equity Securities
- 2.4 Stock and Bond Market Indexes
- 2.5 Derivatives Securities

Chapter 3 How Securities are trade

3 – 1 Primary

3 – 2 Secondary

3 – 3 buying on Margin

3 -4 Short sale – Margin call

Chapter 5: Risk and Return: Past and Prologue

- 5.1 Rates of Return
- 5.2 Risk and Risk Premiums
- 5.4 Inflation and Real Rates of Return
- 5.5 Asset Allocation Across Risky and Risk-free Portfolios
- 5.6 Passive Strategies and the Capital Market Line

Chapter 6: Efficient Diversification

- 6.1 Diversification and Portfolio Risk
- 6.2 Asset Allocation with Two Risky Assets
- 6.3 The Optimal Risky Portfolio with a Risk-free Asset
- 6.5 A single-Index Asset Market
- 6.6 Risk of Long-term Investments

Chapter 7: Capital Asset Pricing and Arbitrage Pricing Theory

- 7.1 The Capital Asset Pricing Model
- 7.2 The CAPM and Index Models (pages 197 + 198)
- 7.4 Multifactor Models and the CAPM (pages 207, 208, 209, 212 & 213)
- 7.5 Factor Models and the Arbitrage Pricing Theory

Chapter 8: the Efficient Market Hypothesis

- 8.1 Random Walks and the Efficient Market Hypothesis
- 8.2 Implications of the EMH (pages 233, 234 & 235)
- 8.3 Are Markets Efficient?
(only need to know types of tests according to the efficiency hypothesis)

Chapter 9: Behavioral Finance and Technical Analysis

- 9.1 The Behavioral Critique
- 9.2 Technical Analysis and Behavioral Finance

Chapter 12: Macroeconomic and Industry Analysis

- 12.1 The global Economy
- 12.2 The Domestic Macroeconomy
- 12.3 Interest Rates
- 12.6 Business Cycles
- 12.7 Industry Analysis