

Investment Analysis A | ECU33051

Year	Junior Sophister
ECTS Credits	5
Contact Hours	22 hours of lectures and 4 hours of tutorials
Pre-Requisite	ECU22011 & ECU22012 Intermediate Economics, ECU22031 & ECU22032 Mathematical and Statistical Methods (or equivalent)
Semester	1
Module Leader and Lecturer	Professor Martyna Marczak
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Module Outline:

This module analyses, at both a practical and theoretical level, the process of investment in financial markets. Its aims are to introduce students to the various types of financial instruments in common use, to the economic theories that explain how they are priced, to the risks factors which affect their pricing and to the markets in which they are traded. The types of securities considered include interest-bearing securities and derivatives (options, futures, etc.). Students will also get familiar with the analysis of financial data.

Topics Covered Include:

- Bond prices and yields
- Term structure of interest rates
- Managing bond portfolios
- Introduction to options
- Futures and forwards
- Swaps



Module Learning Outcomes:

On successful completion of this module, you will be able to:

- Explain the components of bond pricing and interpret the factors influencing bond risk
- Discuss measures of bond price sensitivity and relate risk factors to the current situation in the bond markets
- Understand how asset backed securities are structured and their role in the financial crisis
- Describe the main features of futures, forwards, and swaps
- Outline the payoffs of various option strategies
- Illustrate the uses of derivatives for risk management

Assessment:

40%: Assignment; late submissions that have not been agreed in writing beforehand will be penalized 10% per day

60%: Examination

Recommended Reading List:

- Primary Text: *Investments*, Bodie, Z., Kane, A., and Marcus, A. J., 13th edition, New York: McGraw-Hill, 2024.
- Supplementary Text: *Options, Futures and Other Derivatives*, John Hull, 11th edition, Harlow: Pearson, 2021.

It is fine to use one of the recent editions of these textbooks.