Investments

Course code: 2BE52NAK05M
Course name: Investments
Course name (Hungarian): Befektetések
Number of hours per semester: weekly: 90 minutes lecture + 90 minutes seminar (2x90 for Actuarial and Financial Mathematics students)
Credits: 5
Fall/Spring: Fall and Spring
Language: Hungarian
Prerequisites:
Course type: core
Department: Befektetések és Vállalati Pénzügy Tanszék
Course leader: Dr. Berlinger Edina

Course description: The objective of the course is to familiarize students with the financial markets' instruments, market players and the operation of the markets. Pricing derivatives like options, futures and swaps plays a significant role during the course. On the seminars there will be many calculation exercises. On the seminars we use Bloomberg to show real market prices to demonstrate how these product work.

Schedule
1.) simple interest rate instruments, yield curves
2.) yield curve risk, risk of bonds, duration hedging
3.) futures/forwards 1.
4.) futures/forwards 2.
5.) swaps 1.
6.) swaps 2.
7.) -
8.) options 1.
9.) options 2.
10.) options 3.
11.) options 4.
12.) counterparty risk
13.) options embedded in securities, structured products
14.) financial instruments in practice

Course requirements during the semester: 10 % for short questions at the beginning of each session
20 % for homework (can be done alone or in pairs)

Examination requirements:

Assessment, grading: 10 % for short questions at the beginning of each session
20 % for group homework (some parts of the homework require Bloomberg)
70 % written exam (at least 50% required to pass)

A hand-written A4 paper containing formulas only can be used on the final exam.

Grading:
87%-100%: 5 (*)
75%-86%: 4
63%-74%: 3
* Achieving at least 87% on the final exam will automatically grant the student grade 5, independently from all the other points.
* Achieving less than 50% on the final exam will automatically be considered as failed (grade 1), independently from all the other points.

There is no midterm exam. There will be at least two possibilities given for the final exam.

**Aims, objectives and description of the course:** Understandind financial markets and the logic behind pricing derivatives.

**Course schedule:**

**Learning outcomes:** To be able to understand the motives of financial market participants.
To be familiar with the instruments of financial markets.
To be able to price derivatives.
To be able to decompose and price structured products into basic financial instruments.

**Course assessment during the semester:**

**Assignments:** Short questions at the beginning of each seminar (individually).
Group homeworks - to be solved in groups of maximum of two.
Written final exam - individually.

**Program's name:** MSc in Finance
MSc in Actuarial and Financial Mathematics

**Readings:**
Compulsory readings:

- Hull, J. C.: Options, Futures and other derivatives
- Száz, J.: Pénzügyi termékek áralakulása, Jetset, 2009
- Száz J.: Devizaopciók és részvényopciók árazása, Jetset, 2009
- Bodie-Kane-Marcus: Investments
- Presentations, handouts and files

Recommended readings:

**Course professor(s)/lecturer(s):** Dr. Berlinger Edina, Bihary Zsolt, Márkus Balázs, Badics Milán Csaba, Dr. Száz János, Vidovics-Dancs Ágnes