



UNIVERSITAS INDONESIA
 FAKULTAS EKONOMI & BISNIS
 DEPARTEMEN AKUNTANSI
 PROGRAM STUDI S1

SYLLABUS
 INVESTASI DAN PASAR MODAL (INVESTMENT AND CAPITAL MARKET)
 ECAU609119
 EVEN SEMESTER 2018/2019

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Subject Code	ECAU 609119			
Subject Title	Investment and Capital Market			
Credit Value	3			
Level	2			
Pre-requisite/ Co-requisite/ Exclusion	Introduction to Financial Management			
Role and Purposes	This subject contributes to the achievement of the outcomes of bachelor program by enabling students to apply technical competence in investments. Specifically, the subject enables students to understand the unique nature of financial institutions and their role in the financial system; and discuss basic investment analysis for several types of investment products available in the capital market.			
Subject Learning Outcomes	<p>Upon completion of the subject, students will be able to:</p> <ol style="list-style-type: none"> Understand the unique nature of financial institutions and their role in the financial system Explain core concepts in investments, including risk, return, risk premium, risk aversion,, efficient diversification, capital asset pricing and arbitrage pricing theory and the efficient market hypothesis. Explain basic investment analysis, including valuation and management, for several products available in the capital market, including bonds, equity and derivative securities 			
Subject Synopsis/ Indicative Syllabus	Week #	Topic	LO	Reading Materials
	1	Investments: Background and Issues <ul style="list-style-type: none"> Real Assets versus Financial Assets Financial Markets and the Economy The Investment Process The Players 	a	Bodie Ch.1 and 3 Students should make a

		Securities Markets <ul style="list-style-type: none"> • How Firms Issue Securities <ul style="list-style-type: none"> ○ Privately Held Firms ○ Publicly Traded Companies ○ Shelf Registration ○ Initial Public Offerings • How Securities Are Traded <ul style="list-style-type: none"> ○ Types of Markets ○ Types of Orders ○ Trading Mechanisms • Margin Trading • Short Sales 		summary of Bodies chapter 2 and 4, about 6-8 pages long, handwritten, submitted at session 2 Assignment: Problem Sets 3-17, 3-18, 3-19
	2	Asset Classes and Financial Instruments <ul style="list-style-type: none"> • The Money Market • The Bond Market • The Equity Market • The Derivative Market • Stock and Bond Market Indexes Mutual Funds & Other Investment Companies <ul style="list-style-type: none"> • Types of Investment Companies • Mutual Funds • Costs of Investing in Mutual Funds • Exchange-Traded Funds • Mutual Funds Investment Performance 	a	Bodie Ch 2 and 4 Assignment: Problem Sets 2-19, 2-20, 4-13, 4-14, 4-15, 4-16
	3	Risk and Return: Past and Prologue <ul style="list-style-type: none"> • Rates of Return • Risk and Return Premiums • The Historical Record • Inflation and Real Rates of Return • Asset Allocation across Risky and Risk-Free Portfolios • Passive Strategies and Capital Market Line 	b	Bodie Ch. 5 Assignment: Problem Sets 5-6, 5-7. CFA Problems: 5-7, 5-8, 5-9
	4	Efficient Diversification <ul style="list-style-type: none"> • Diversification and Portfolio Risk • Asset Allocation with Two Risky Assets • The Optimal Risky Portfolio with a Risk-Free Asset • Efficient Diversification with Many Risky Assets • A Single-Index Stock Model • Risk of Long-Term Investments 	b	Bodie Ch. 6 Assignment: Problem Sets 6-3, 5-12, 5-13, 5-14
	5	Capital Asset Pricing and Arbitrage Pricing Theory <ul style="list-style-type: none"> • The Capital Asset Pricing Model (CAPM) 	b	Bodie Ch. 7 Assignment: Problem Sets

		<ul style="list-style-type: none"> • The CAPM and Index Models • The CAPM and the Real World • Multifactor Models and the CAPM • Arbitrage Pricing Theory (APT) 		<p>7-4, 7-5, 7-9, 7-10</p> <p>CFA Problems: 7-2</p>
	6	<p>Bond Prices and Yields</p> <ul style="list-style-type: none"> • Bond Characteristics • Bond Pricing • Bond Yields • Bond Prices Over Time • Default Risk and Bond Pricing • The Yield Curve 	c	<p>Bodie Ch. 10</p> <p>Assignment: Problem Sets 10-16, 10-17, 10-21, 10-22, 10-27, 10-32</p>
	7	<p>Managing Bond Portfolios</p> <ul style="list-style-type: none"> • Interest rate Risk • Passive Bond Management • Convexity • Active Bond Management 	c	<p>Bodie Ch. 11</p> <p>Assignment: Problem Sets 11-8, 11-12, 11-15</p> <p>CFA Problems: 11-2, 11-3</p>
	Group Assignment	<p>Write a paper maximum 15 pages (font 11 Arial paragraph 1,5). Each group should have different topics. The topics may cover, but not limited to the following list:</p> <ul style="list-style-type: none"> • Pension Funds in Indonesia vs in Other Countries • The History of Pension Funds in Indonesia • An Analysis of Finance Companies in Indonesia • Hedge Funds and Its Prospect in Indonesia • An Analysis of Unit Links in Indonesia • The Pros and Cons of Investment in Unit Links • The Market-Based vs the Bank-Based Financial System • The Indonesian Financial System • The History of Government Bonds in Indonesia • The History of Corporate Bonds in Indonesia • The Study of ORI and Sukuk Ritel (SRI) in Indonesia • The Study of Global (Government and Corporate) Bonds in Indonesia • The Advantages and Disadvantages of Investing in Zero-Coupon Bonds and Floating (Variable) Rate Bonds • The Mutual Fund Industry in Indonesia 		<p>Submitted in Mid-Semester Exam</p>

		<ul style="list-style-type: none"> • The Study of ETFs in Indonesia • The Study of ETFs in ASEAN/Asian/Emerging Countries 		
		MID EXAM TERM		
	Individual Assignment	Investment Games		Submitted during the class
	8	The Efficient Market Hypothesis <ul style="list-style-type: none"> • Random Walk and the Efficient Market Hypothesis (EMH) • Implications of the EMH • Are Markets Efficient? EMH Tests • Mutual Fund and Analyst Performance Behavioral Finance and Technical Analysis <ul style="list-style-type: none"> • The Behavioral Critique 	b	Bodie Ch. 8 dan 9 Assignment: Problem Sets 8-11, 8-12, 8-13 9-1, 9-6, 9-7
	9	Macroeconomic and Industry Analysis <ul style="list-style-type: none"> • The Global Economy • The Domestic Macroeconomy • Interest Rates • Demand and Supply Shocks • Federal Government Policy • Business Cycle • Industry Analysis 	c	Bodie Ch. 12 Assignment: Problem Sets 12-7, 12-16, 12-17, 12-19, 12-21
	10	Equity Valuation <ul style="list-style-type: none"> • Intrinsic Value versus Market Price • Dividend Discount Model • Valuation by Comparables • Price-Earnings Ratio • Free Cash Flow Valuation Approaches • The Aggregate Stock Market 	c	Bodie Ch. 13 Assignment: Problem Sets 13-4, 13-6, 13-9 CFA Problems: 13-4
	11	Options Markets <ul style="list-style-type: none"> • The Option Contract • Values of Options at Expiration • Optionlike Securities • Exotic Options 	c	Bodie Ch. 15 Assignment: Problem Sets 15-10, 15-18
	12	Options Valuation <ul style="list-style-type: none"> • Option Valuation: Introduction • Binomial Option Pricing • Black-Scholes Option Valuation • Using the Black-Scholes Formula 	c	Bodie Ch. 16 Assignment: Problem Sets 16-8, 16-9

		<ul style="list-style-type: none"> • Empirical Evidence 			
	13	Futures Markets and Risk Management <ul style="list-style-type: none"> • The Futures Contract • Trading Mechanics • Futures Market Strategies • Futures Prices • Financial Futures • Swaps 	c	Bodie Ch. 17 Assignment: Problem Sets 17-14, 17-17, 17-26	
	14	Portfolio Performance Evaluation <ul style="list-style-type: none"> • Risk-Adjusted Returns • Style Analysis • Morningstar’s Risk-Adjusted Rating • Risk Adjustments with Changing Portfolio Composition • Performance Attribution Procedures • Market Timing Investors and the Investment Process <ul style="list-style-type: none"> • The Investment Management Process • Investor Objectives • Investor Constraints 	c	Bodie Ch. 18 dan 22 Assignment: Problem Sets 18-7 CFA Problems: 22-2, 22-3, 22-4, 22-5, 22-6, 22-7	
	FINAL EXAM TERM				
Teaching/Learning Methodology	Lectures cover core principles and concepts of the subject syllabus. To enhance students’ understanding of relevant concepts, the learning process will be done by: <ol style="list-style-type: none"> 1. Lecturing 2. Small Group Discussion The students will participate in small group discussion. Each group consists of 3 students. The discussion is designed to raise their curiosity as well as to solve some assignments. 3. Individual Exercise After lecturing, students are required to participate actively to solve some questions given by lecturer individually 				
Assessment Method in Alignment with Intended Learning Outcomes	Specific assessment methods/tasks	% weight	a	b	c
	Continuous Assessment	100			
	1. GROUP	10			
	Paper on Assigned Topics (10%)		√		
	2. INDIVIDUAL	90			
	Investment Games (10%)				√
	Quiz & Homework (10%)		√	√	√
	Mid Exam (30%)		√	√	√
	Final Exam (30%)			√	√
	Tutor & Attendance (10%)		√	√	√

Student Study Effort Expected	Class Contacts	
	Lectures	30 Hours
	Presentation	10 Hours
	Sub Total	40 hours
	Other student study effort	
	Preparation for discussion	20 Hours
	Preparation for project/assignment/tests	25 Hours
	Tutor	20 Hours
	TOTAL	100 Hours
Reading List and References	Required Readings: a. Bodie, Zvi., Kane, Alex., and Marcus, Alan., 2017. <i>Essentials of Investment, 10th edition</i> . McGraw-Hill (Bodie)	