



UNIVERSITAS INDONESIA
 FAKULTAS EKONOMI & BISNIS
 DEPARTEMEN AKUNTANSI
 PROGRAM STUDI S1

SYLLABUS
 INVESTASI DAN PASAR MODAL (INVESTMENT AND CAPITAL MARKET)
 ECAU 609119
 ODD SEMESTER 2019/2020

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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 systems and discuss basic investment analysis for several types of investment products available in the capital market.
Subject Learning Outcomes	Upon completion of the subject, students will be able to: a. Understand the unique nature of financial institutions and their role in the financial system b. 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. c. Explain basic investment analysis, valuation and management, for various financial products available in the financial market, including fixed income, 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 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 	a	Bodie Ch.1 and 3 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 Problem sets 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 	b	Bodie Ch. 6 Assignment: Problem Sets 6-3, 6-12, 6-13, 6-14

		<ul style="list-style-type: none"> • Efficient Diversification with Many Risky Assets • A Single-Index Stock Model • Risk of Long-Term Investments 		
	5	Capital Asset Pricing and Arbitrage Pricing Theory <ul style="list-style-type: none"> • The Capital Asset Pricing Model (CAPM) • The CAPM and Index Models • The CAPM and the Real World • Multifactor Models and the CAPM • Arbitrage Pricing Theory (APT) 	b	Bodie Ch. 7 Assignment: Problem Sets 7-4, 7-5, 7-9, 7-10 CFA Problems: 7-2
	6	Bond Prices and Yields <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	Bodie Ch. 10 Assignment: Problem Sets 10-16, 10-17, 10-21, 10-22, 10-27, 10-32
	7	Managing Bond Portfolios <ul style="list-style-type: none"> • Interest rate Risk • Passive Bond Management • Convexity • Active Bond Management 	c	Bodie Ch. 11 Assignment: Problem Sets 11-8, 11-12, 11-15 CFA Problems: 11-2, 11-3
	Group Assignment	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 topics: <ul style="list-style-type: none"> • The History, Challenge, and Future of Pension Funds in Indonesia • The History and Prospect of Hedge Funds in Indonesia • An Analysis of Pros and Cons of Investment in Unit Links in Indonesia • Market-Based vs Bank-Based Financial System • The Background, Trend, and Challenge of Government Bonds in Indonesia • The Past and Future of Corporate Bonds in Indonesia • The Study of ORI and Sukuk Ritel (SRI) in Indonesia 		Submitted in Mid-Semester Exam

		<ul style="list-style-type: none"> • The History and Challenge of Global (Government and Corporate) Bonds in Indonesia • The Advantages and Disadvantages of Investing in Zero-Coupon Bonds, Floating-Rate Bonds, and Fixed-Rate Bonds • The History, Challenge, and Prospect of Mutual Fund Industry in Indonesia • The History, Challenge, and Future of ETFs in Indonesia • The Study of ETFs in Asian/Emerging Countries • An Analysis of Credit Default Swaps (CDS) in Indonesia and Other Asian/Emerging Countries • The Performance of Stock Market Funds, ETFs, and Stock Composite Index in Indonesia • The Pros and Cons of Investor Protection Fund in Indonesia • An Analysis of Active ve Passive Strategies in Indonesia Stock Exchange • Performance Evaluation of Big Capitalization Stocks vs Small Capitalization Stocks in Indonesia • An Evaluation of Direct Investing vs Indirect Investing in Stock Market in Indonesia 		
		MID – TERM EXAM		
	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 	c	Bodie Ch. 12 Assignment: Problem Sets

		<ul style="list-style-type: none"> • Business Cycle • Industry Analysis 		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 • Empirical Evidence 	c	Bodie Ch. 16 Assignment: Problem Sets 16-8, 16-9
	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 	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

	<ul style="list-style-type: none"> Investor Objectives Investor Constraints 																														
	FINAL – TERM EXAM																														
Teaching/Learning Methodology	<p>Lectures cover core principles and concepts of the subject syllabus. To enhance students' understanding of relevant concepts, the learning process will be done by:</p> <ol style="list-style-type: none"> Lecturing 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. 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	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Class Contacts</td> <td></td> </tr> <tr> <td>Lectures</td> <td></td> <td style="text-align: right;">30 Hours</td> </tr> <tr> <td>Presentation</td> <td></td> <td style="text-align: right;">10 Hours</td> </tr> <tr> <td>Sub Total</td> <td></td> <td style="text-align: right;">40 hours</td> </tr> <tr> <td colspan="2">Other student study effort</td> <td></td> </tr> <tr> <td>Preparation for discussion</td> <td></td> <td style="text-align: right;">20 Hours</td> </tr> <tr> <td>Preparation for project/assignment/tests</td> <td></td> <td style="text-align: right;">25 Hours</td> </tr> <tr> <td>Tutor</td> <td></td> <td style="text-align: right;">20 Hours</td> </tr> <tr> <td colspan="2" style="text-align: center;">TOTAL</td> <td style="text-align: right;">100 Hours</td> </tr> </table>				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
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Reading List and References	<p>Required Readings:</p> <ol style="list-style-type: none"> Bodie, Zvi., Kane, Alex., and Marcus, Alan., 2017. <i>Essentials of Investment, 10th edition</i>. McGraw-Hill (Bodie) 																														