University of Strathclyde Business School

Department of Accounting and Finance
AG217 Portfolio Management and Security Analysis

2025/26 Semester 2
20 Module Credits

Module Details

Module Description

The module covers the general principles of managing investment portfolios. This module builds on the material covered in the Introduction to Finance and Accounting module.

Teaching Hours

Lectures: All weeks, Monday 3-5pm in TL325a&b and Wednesday 11am-1pm in JA325

Computer Labs: Weeks 2-10 (excluding week 8)

Please see the "Computer Lab Sign Up" tab on the AG217 Myplace page here: Course: AG217: Portfolio Management and Security Analysis | classes (strath.ac.uk) for computer lab times/dates: All students are required to sign up for one lab and one tutorial slot per academic year. These are available on a first come first served basis.

Attendance at tutorials is compulsory and will be monitored. If your attendance is unsatisfactory then you will receive a warning letter, which will be retained in a departmental file.

If you are absent from a tutorial or lab please email sbs-accfin-admin@strath.ac.uk. If you are absent due to medical reasons please submit medical evidence or self-certificate via Pegasus: Personal Circumstances Procedure | University of Strathclyde

Prerequisites

AG105

Contact Details

Lecturer: Professor Jonathan Fletcher

Room number: Stenhouse 3.27

Telephone: 0141 548 4963

E-mail: j.fletcher@strath.ac.uk

Office Hours: Tuesday, 2-4pm

Course Tutors: (Tutorial workshops); Donald Campbell and Martin Kemmitt (Computer labs)

E-mail: donald.campbell@strath.ac.uk / m.kemmett@strath.ac.uk

Module Learning

Module Aims

The module aims to provide an understanding of the principles and theories relevant to the process of building investment portfolios. The module covers practical applications as well as theoretical material. The module considers mean-variance portfolio theory, linear asset pricing models such as the capital asset pricing model (CAPM) and arbitrage pricing theory (APT), market efficiency, valuation of bonds, bond portfolio management and fund performance.

Learning Objectives and Outcomes

The following learning outcomes will contribute to your self-analysis and reflection in your Student's Personal Development Planning (SPDP). These learning outcomes will be assessed using the methods explained in the "Assessment" section in this Outline.

Subject-specific knowledge and skills

On completing this module you will be able to:

A.1 Calculate the expected return and risk of a portfolio.

A.2 Discuss the approach of building optimal portfolios using the Markowitz model.

A.3 Evaluate the estimation risk problem in sample mean-variance portfolios.

A.4 Discuss the approach of resampled portfolio efficiency™.

A.5 Explain the Capital Asset Pricing Model and Arbitrage Pricing Theory asset pricing models.

A.6 Discuss the Efficient Markets Hypothesis and its' practical implications for investors.

A.7 Discuss the alternative approaches of evaluating fund performance.

A.8 Discuss the main factors that affect the valuation of bonds.

A.9 Critically evaluate the main approaches used in bond portfolio management.

Cognitive abilities and non-subject specific skills

B.1 Develop problem solving skills in the area of Investments and the issues faced by portfolio managers.

B.2 Develop computational skills through the use of Matlab in the areas covered by the module and applicable in other areas of Finance.

B.3 Develop analytical skills in evaluating the limitations of using Finance models in practical implications.

B.4 Develop skills in writing short projects with regards to structure and content.

Module Structure

Timetable

Week 1 – Types of financial securities, managed funds, use of benchmarks and market indexes, introduction to statistics and regression analysis.

Week 2 – Calculating expected return and risk of a 2-asset and N-asset portfolio, naïve portfolio diversification, mean-variance analysis with N risky assets.

Week 3 – Mean-variance analysis with N risky assets and risk-free asset, Applications, and criticisms of mean-variance analysis.

Week 4 - CAPM, theory of CAPM, predictions of the model, testing the CAPM.

Week 5 – Estimation risk problem, Constrained Mean-Variance Optimization, Resampled Portfolio Efficiency

Week 6 – Arbitrage Pricing Theory (APT) and Multifactor Models

Week 7 – APT, Market efficiency,

Week 8 – Market Efficiency and Empirical Tests

Week 9 – Evaluating Managed Fund Performance

Week 10 – Bond Valuation and Bond Portfolio Management

Week 11 – Revision

Assessment and Feedback Details

1. Group Assignment worth 40%. Due: Thursday 12th March 2026, 12pm.
   Marks/Feedback will be released on or before Thursday 2nd April 2026, 12pm.

2. Final Exam worth 60%. Exam date: During the semester 2 exam diet. This will be an essay based exam.

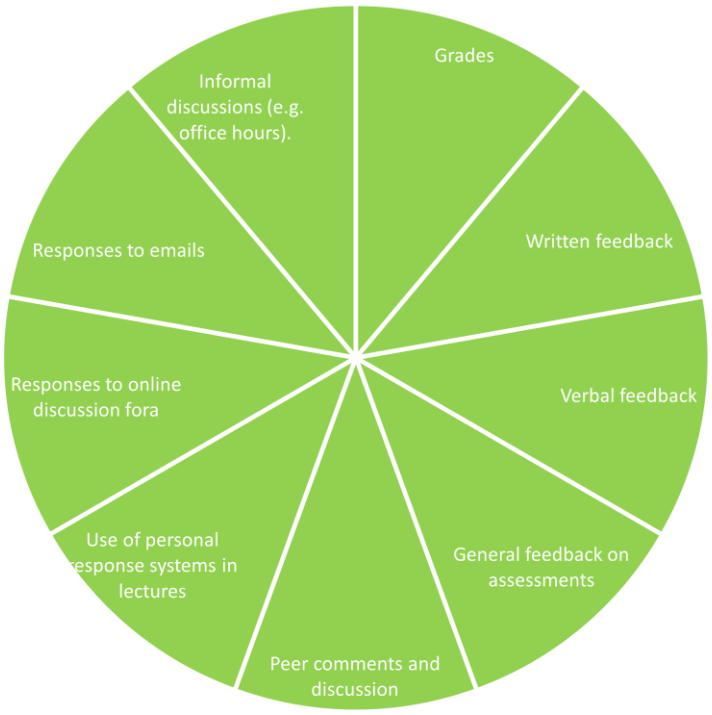
An overall weighted average mark of 40% is required to pass the module.

It is a requirement for course completion to submit all assessed coursework. Non-submission of any part will result in an overall mark of zero being awarded for the module.

The following forms of feedback will assist you in this module:

Feedback category	*Details for module*	*Colour*
Grades	Students will receive marks on their coursework and final exam.	Green
Written feedback	Students will receive written feedback on their coursework via a feedback form.	Green
Verbal feedback	Students will receive verbal feedback via doing the workshop questions via the weekly labs.	Green
General feedback	Feedback will be given on the overall performance of the coursework and final exam. This will be uploaded onto My Place page.	Green
Peer comments and discussion	Students are encouraged to discuss with one another via the group they are in and in the computer labs.	Green
Use of personal response systems in lecture	Students are encouraged to ask questions via the Zoom links.	Green

Responses to online discussion forum	Teaching staff will provide responses where helpful for students learning	Green
Responses to email	Students with specific questions who should email the tutors or lecturer in charge	Green
Informal discussions	Students can see the class lecturer or tutors after the classes depending on the relevant topic or through the weekly office hours.	Green



Resit Policy

- Students who have failed a module will be given the opportunity to resit the module during the next resit diet.
- Results for resits will not be capped at 40%.

Reassessment

If you do not pass the course on your first attempt or cannot take the exam for medical or personal reasons, you will have to take a re-sit examination. If taking the paper at your second or further attempt, your final assessment will be based entirely on your mark in the re-sit exam. A 40% mark is required in the re-sit examination to pass the class.

Artificial Intelligence

You are not permitted to use Gen-AI tools for this module unless you are a student with an adjustment report on Pegasus where this is explicitly specified as a 'reasonable adjustment'. Any student suspected of using such tools will be subject to investigation outlined in the Student_Discipline_Procedure_-_Academic_Misconduct.pdf (strath.ac.uk) process.

Reading List

Any good Investments book is fine.
A course pack is available under the "Module Outline & General Information" tab on the AG217 Myplace page.

UG Module Manual (1st-3rd Year)

Please refer to the accounting and finance UG manual module for the following (Years 1-3 Module Manual.docx):

- Tutorial Attendance
- Useful Contacts
- Penalties for Late Submission
- Feedback
- Compensation Scheme
- Resit Policy
- Reassessment
- Universal Marking Guide
- Useful Links