

Portfolio- and Capital Market Theory

- **Module content**

This module conveys profound knowledge of individual portfolio choices and on this basis the most important capital market theory (namely capital asset pricing model) is introduced, including its assumptions, implications and extensions.

Structure:

1. Modern Portfolio Selection
 - a. 2 Asset-Case
 - b. Multiple-Asset-Case
 - c. Critique of Portfolio Theory
2. Capital Asset Pricing Model
 - a. Assumptions and Derivation
 - b. Implication
3. Empirical Aspects, Extensions and Alternatives

- **Competence description**

This module enables students to

- (i) explain and calculate portfolio decisions theoretically, taking into account investment options and the individual investor's preference function;
- (ii) understand and use the key messages of the CAPM to value risky assets..

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