



AI1108 Investment Analysis 7.5 credits

Investeringsanalys

This is a translation of the Swedish, legally binding, course syllabus.

If the course is discontinued, students may request to be examined during the following two academic years

Establishment

Course syllabus for AI1108 valid from Autumn 2010

Grading scale

A, B, C, D, E, FX, F

Education cycle

First cycle

Main field of study

Technology

Specific prerequisites

For single course students:

completed upper secondary education including documented proficiency in English corresponding to English A. For students who received/will receive their final school grades after 31 December 2009, there is an additional entry requirement for mathematics as follows: documented proficiency in mathematics corresponding to Mathematics A.

60 credits on university level including at least 15 credits in Economics or Business Administration.

Students enrolled in the Degree programme in Civil Engineering and Urban Management and students enrolled in the Bachelor's programme in Real Estate and Finance at KTH should have completed Samhällsekonomi (AI1107)

Language of instruction

The language of instruction is specified in the course offering information in the course catalogue.

Intended learning outcomes

The course aim is to provide basic theoretical and practical knowledge about investment analysis, with emphasis on real estate.

The course should give you knowledge in:

- Identify and explain the basic steps in the investment process.
- Derive and understand the origin of the major formulas used in present value calculations.
- Evaluate different investment alternatives.
- Define and compute different return measures.
- Deal with risk and uncertainty applying sensitivity analysis.
- Understand how leverage affects investments.
- Develop Excel spreadsheets for investment decision-making.

Course contents

The course contains the following parts:

- Capital budgeting. The aim is to provide advanced knowledge in theory and methods for asset valuation, profitability analysis of investments and decision criteria in capital budgeting such as present value, internal rate of return, pay-off etc.
- Cash flow analysis of complex investments with emphasis on property applications. Analysis of financing decisions.
- Project work: making a cash flow analysis in Excel.

Disposition

Lectures and teacher-assisted group exercises. Some group exercises take place in a computer lab. The students shall also, in groups, construct a cash flow proforma in Excel and present this work for the teachers under given assumptions. Students will be divided into working groups by the headteacher.

Course literature

Jonathan Berk & Peter DeMarzo -Corporate Finance (Pearson International Edition), latest edition.

Examination

- PRO1 - Project, 3.0 credits, grading scale: P, F
- TEN1 - Examination, 4.5 credits, grading scale: A, B, C, D, E, FX, F

Based on recommendation from KTH's coordinator for disabilities, the examiner will decide how to adapt an examination for students with documented disability.

The examiner may apply another examination format when re-examining individual students.

Other requirements for final grade

Written exam (TEN1; 4,5 cr)

Project work(PRO1; 3 cr)

Ethical approach

- All members of a group are responsible for the group's work.
- In any assessment, every student shall honestly disclose any help received and sources used.
- In an oral assessment, every student shall be able to present and answer questions about the entire assignment and solution.