**Course Title: Personal Investment Methods Course Coordinator: Olga Khon**

**Credit Value: 5 ECTS Contact hours: 60**

**Runs in (2017/18): Semester 2, Quarter 3-4**

**Course Prerequisites: «Introduction to behavioral and experimental economics» course**

**Open to exchange students: yes**

**At the end of the module you will have acquired:**

1. The ability to apply economic theory, models and empirical techniques to the analysis of decision making by individuals, health care providers and governments with respect to health and health care.
2. A critical awareness of the strengths and limitations of decision making and public policy in the context of health care.
3. A greater understanding of market failure, government failure and the policy options when both are prevalent.
4. An awareness of how ethical considerations become relevant in economic policy making.
5. An awareness and understanding of the full range of health ‘determinants’, including health care.
6. Skills of working critically with academic literature at the interface of theory and evidence.
7. Improved critical thinking and analytical skills.
8. Presentation, essay writing and problem solving skills.
9. Competence in independent research on selected topics

**Course Outline**

**Main objective of the course** is to improve basic knowledge and competences in personal finance and investment management through the understanding of human behavior. To do that, students will touch upon both experiments and theory.

First, students will study basic financial theories and issues of financial markets regulation that related to personal finance.

Second, students will learn how to extend the classic financial models in the field of behavioral perspective.

Finally, students will study the most profound experimental observations and learn basic techniques how to make their personal financial decision adjusted to human behavior.

**The course** has three parts:  
– introduction to the theory of finance (topic 1) and aspects of human consciousness and behavior that limit the idea of complete rationality in finance (topic 2),  
– behavior finance theory and related experiments that tackle limits of classic theory of finance (topics 3-7),  
– applications of behavioral finance theory in personal financial decision-making subfields (topics 8-10).

**Literature**The teaching is based both on research papers and textbooks. For the first two parts (classic theory of finance and behavioral finance theory) the following textbooks are helpful:  
-- Fabozzi, Modigliani, Jones. Foundations of Financial Markets and Institutions: Fourth Edition. Pearson Education Limited, 2014. (Chapters 3, 7, 10, 12).

-- Shiller, R.J. Finance and the Good Society. Princeton University Press, 2012. (Chapters 21, 22, 23, 25, 26).

**Target audience** includes following three groups:  
– future financiers, consultants and analysts;  
– future academics interested in behavioral and classic theory of finance field;

– general audience that is interested in the complicated world of finance.

**Assessment Methods**

**Key competences** acquired in the course make a student able:

– to manage personal finance and to make an optimal (risk-return) financial decision;

– to use established academic financial theories in practice.

**Assessment** includes the final exam grade (50%), in-class participation (20%) and home assignments (30%).

The final exam consists of questions for each topic of the course and lasts 80 minutes. The maximal grade for the exam is 100 points.

The in-class participation covered the attendance and in-class activity. The maximal grade for the in-class participation is 20 points.

The home assignments can be completed both individually and in groups (up to 5 participants). The maximal grade for an assignment is 100 points.