DESCRIPTION OF THE COURSE

GENERAL INFORMATION		
Course Holder	**dr.sc. Aljoša Šestanović**	
The name of the college	**Behavioral finance**	
Study program	**Professional Graduate Study – Business Management - MBA**	
Status of the College	**Elective course**	
Year	**2nd Year**	
Point value and method of teaching	**ECTS coefficient of student workload**	**4**
	Number of hours (P+V+S)	**28+14+0**

DESCRIPTION OF THE COURSE
1.1. *Objectives of the course*
Behavioral finance explores and explains the manner and reasons for making particular financial decisions and reasons, especially in the part that cannot be adequately explained through the perspective of traditional finance. All participants in the capital market are, to a greater or lesser extent, regardless of experience and expertise, subject to behavioral vastness. The world of finance is permeated with various subjective factors that cannot be explained by mathematical formulaive approaches.   Behavioral finance provides insight into how emotional biases and cognitive biases can influence individual perceptions and investment decisions. As a consequence, knowledge of behavioral finance can help to understand investors' goals and identify inconsistencies in the investment decision-making process. Behavioral finance also provides an in-depth look into some essential issues such as market anomalies.   Given the above, the aim of the course is for students to understand the integration of behavioral and traditional approaches to finance as the aspect that leads to a better result than the result that is achieved by applying only one of these two approaches.

1.2. *Requirements for enrolment in the course*
-
1.3. *Expected learning outcomes for the course*
1. Compare the views of traditional and behavioral finance and confront the theories of expected benefits and prospect theories in the process of making investment decisions 2. Defend a position on the effects that cognitive limitations and limited rationality have on the investment decision-making process 3. Compare the views of traditional and behavioral finance on portfolio construction and capital market behavior 4. Evaluate the impact of behavioral biases on the process of making investment decisions on asset allocation and making recommendations to avoid their effects 5. Evaluate the application and limitations of the classification of investors into personality types 6. Examine how behavioral factors affect the portfolio construction process, analytical projections and market characteristics that cannot be explained by traditional finance
1.4. *Course content*
1. Behavioral and traditional view of finance 2. The process and theories of financial decision-making 3. A view of behaviour in the financial markets 4. Classification of behavioral spaciousness in finance and cognitive biases 5. Emotional biases in finance 6. Investment policy and asset allocation in the context of portfolio decisions 7. Application and limitations of the classification of investors into personality types 8. The influence of behavioral factors on the relationship between an investment advisor and an investor 9. Influence of behavioral factors on portfolio construction 10. Behavioral finance and analyst projections 11. The impact of behavioral finance on behavior in financial markets

1.5. *Types of teaching (put X)*	☒ lectures ☐ seminars and workshops ☒ exercises ☐ Distance education ☐ Field Teaching	☐ Independent tasks ☐ Multimedia & Network ☐ laboratory ☐ Mentoring work ☐ Other_____

1.6. *Student obligations*

The obligations of students are prescribed in detail by the Statute, Study Regulations, and Student Obligations Guidelines. The key obligations of students are:

ATTENDANCE AT CLASSES: students are obliged to attend classes, actively follow lectures and exercises, and participate constructively in classes, and in order to acquire the right to take the exam, it is necessary to attend classes in the percentages prescribed by the Study Regulations. For each student, their presence in class is recorded through the Infoeduka digital office system. The minimum obligations are;
- *Full-time students must attend at least 70% of the total number of classes to be eligible to sign.*
- *Part-time students need to attend at least 50% of the total number of classes to be eligible to sign.*

PASSING EXAMS: in order to achieve a positive grade in the subject, it is necessary to achieve at least 54 points in the subject, but also at least 50% of points for each learning outcome. The method of taking the exam is described in more detail in the item Assessment and evaluation of students' work during classes and at the final exam.

*FINAL EXAM – a student who has not met the conditions for passing the exam during the continuous examination of knowledge (has achieved a total of at least 54 points in the course and has met the lower point threshold of adoption of each learning outcome, i.e. a minimum of 50% of the points of each learning outcome), may take the learning outcomes of the course at the final exam.

WRITTEN EXAM: the student is obliged to take a written exam that verifies the acquisition of theoretical knowledge related to the course. The questions also test the ability to identify, explain and relate key concepts and to make appropriate arguments. The written exam also includes tasks that check the student's acquisition of the material through analytical frameworks.

*CONTINUOUS EXAMINATION: In order to make students progress more efficiently in class, continuous examinations are carried out (2 intermediate exams). In this way, students acquire smaller teaching units and master the subject material more easily.

1.7. *Student Work Tracking (Add X to the appropriate tracking format)*

Attending classes	x	Teaching activity		Seminar paper		Experimental work	
Written exam	x	Oral exam		Essay		Research	
Project		Continuous Assessment*		Report		Practical work	
Portfolio							

1.8. *Assessment and evaluation of students' work during classes and at the final exam*

Evaluation and evaluation of students' work during classes and at the final exam is carried out on the basis of the Regulations on Studying of the EFFECTUS University of Applied Sciences.

Allocation of points according to the forms of student work monitoring:

	Attending classes	Written exam	Project	Seminar paper	Practical work	Altogether
I1		16				16
I2		16				16
I3		16				16
I4		16				16
I5		16				16
I6		16				16
OUT OF OUTCOME	4					4
ALTOGETHER	4	96				100

Linking learning outcomes, teaching methods and knowledge assessment methods:

FORMS OF TRACKING	NAME OF LEARNING OUTCOMES	TEACHING METHOD	KNOWLEDGE ASSESSMENT METHOD	Maximum number of points
Written exam	1. Compare the views of traditional and behavioral finance and confront the theories of expected benefits and prospect theories in the process of making investment decisions	lecture	Essay-problem questions to which an answer is sought, which demonstrates the identification and definition of key terms, their connection and appropriate argumentation of a higher degree of complexity. They may include problem questions and tasks that need to be argued.	48
		Asking questions discussion		
	2. Defend a position on the effects that cognitive limitations and limited rationality have on the investment decision-making process	lecture	Essay-problem questions to which an answer is sought, which demonstrates the identification and definition of key terms, their connection and appropriate argumentation of a higher degree of complexity. They may include problem questions and tasks that need to be argued.	
		Asking questions discussion		
	3. Compare the views of	lecture	Essay-problem questions to which an	

	traditional and behavioral finance on portfolio construction and capital market behavior	Asking questions discussion	answer is sought, which demonstrates the identification and definition of key terms, their connection and appropriate argumentation of a higher degree of complexity. They may include problem questions and tasks that need to be argued.	
Written exam	4. Evaluate the impact of behavioral biases on the process of making investment decisions on asset allocation and making recommendations to avoid their effects	lecture	Essay-problem questions to which an answer is sought, which demonstrates the identification and definition of key terms, their connection and appropriate argumentation of a higher degree of complexity. They may include problem questions and tasks that need to be argued.	48
		Asking questions discussion		
	5. Evaluate the application and limitations of the classification of investors into personality types	lectures	Essay-problem questions to which an answer is sought, which demonstrates the identification and definition of key terms, their connection and appropriate argumentation of a higher degree of complexity. They may include problem questions and tasks that need to be argued.	
		Asking questions discussion		

	6. Examine how behavioral factors affect the portfolio construction process, analytical projections and market characteristics that cannot be explained by traditional finance	lecture	Essay-problem questions to which an answer is sought, which demonstrates the identification and definition of key terms, their connection and appropriate argumentation of a higher degree of complexity. They may include problem questions and tasks that need to be argued.	
		Asking questions discussion		
Attending classes	All outcomes	Lectures and exercises	Attendance records	4
			TOTAL POINTS	**100**

Type of student workload	Student Load Hours	ECTS credits
Attending contact classes	42	1,5
Field Trips/Visits Outside the College		
Independent study/research	33	1
Out-of-classroom preparation and preparation of seminars/presentations		
Work on an out-of-classroom project assignment		
Independent preparation for exams and exam time	45	1,5
Consultation activities		
Other		
TOTAL ECTS credits	**120**	**4**

RATING:

In order to achieve a positive grade in the course, the student must cumulatively meet two conditions: achieve a total of at least 54 (fifty-four) points in the course and meet the lower point threshold for the adoption of each individual learning outcome, which is 50% of the total points of the learning outcomes. A student may receive an additional four points if (i) attends classes more than 80% for full-time students and (ii) attends classes more than 55% for part-time students.

Grades are calculated based on the following distribution of points:

SCORE	RATING
0,00 – 53,90	Insufficient (1)
54,00 – 64,90	Sufficient (2)
65,00 – 79,90	Good (3)
80,00 – 89,90	Very good (4)
90.00 and more	Excellent (5)

Grading is carried out in a transparent manner by collecting points. The course is evaluated with 100.00 points (with the possibility of achieving an additional 8 points on the Challenge learning outcome).

CHALLENGE LEARNING OUTCOME - the student has the opportunity to earn an additional maximum of 8 points through the Challenge learning outcome; The student independently chooses one of the activities proposed in the first lesson, and has the opportunity to independently propose an activity with which he wants to increase the number of points and, with the consent of the course holder, achieves them according to the criteria of the course. Points for the Challenge learning outcome are not distributed according to the learning outcomes, but the number achieved makes an additional number of

points to the total number of points achieved according to the learning outcomes.

Before taking the final written exam, each student must meet the prescribed conditions, which primarily means that they have attended the % of classes determined by the Study Regulations and that they have received an electronically encrypted permission to take the exam.

1.9. *Required reading and number of copies in relation to the number of students currently attending classes in the course*		
Title	*Number of copies*	*Number of students*
Institute, Behavioral Finance, Individual Investors, and Institutional Investors, CFA Program Curriculum 2018, Level III, Vol. 2	*5*	-

1.10.   Supplementary literature

1. CFA Institute (Research Foundation of CFA Institute), Behavioral Finance and Investment Management, 2010.
2. Professional and scientific articles in the field of behavioral finance

1.11.   Ways of quality monitoring that ensure the acquisition of output knowledge, skills and competencies

- *statistical processing and analysis of exam results (checking the Gaussian curve – normal distribution of success, comparing and monitoring the results of exams of different generations, analysis of understanding of individual modules/questions on the exam, etc.),*
- *conducting a survey among students,*
- *evaluation and self-evaluation of teachers,*
- *achieved results, level of understanding and knowledge during the preparation of the seminar paper,*
- *achieved results and level of knowledge presented during the preparation and defense of the final thesis (students who choose a graduate thesis in this course),*
- *analysis of the report of the Head of the Quality Centre, and*
- *Feedback from students who have already graduated on the usefulness of the content of this course in the performance of the work they do.*