

Finance 3490 - Course Outline

Instructor: Neil Hepburn
 Class times: 13:30 - 14:45 Tuesdays and Thursdays
 Location: E306
 Office: H227
 Phone: 539-2895
 e-mail: nhepburn@agt.net
 Office Hours: 11:00 - 12:00 Monday to Friday

Introduction & Objectives

This course examines the fundamentals of investment and portfolio management. It will not make you a fund manager for a major investment house, but it will give you the tools to select appropriate investments that provide a balance between risk and return.

OBJECTIVES

1. Understand the intertemporal choice model as a motivator for savings and investments..
2. Understand how macroeconomic policy influences investment alternatives.
3. Know and recognise the differences between various types of financial asset including debt instruments and various forms of equity.
4. Be able to analyse risk and return for a variety of investments.
5. Evaluate portfolio risk and asses different portfolio strategies.

YOUR RESPONSIBILITIES:

1. You are responsible for assigned readings before coming to class.
2. Regular attendance is a must for success in this course. The progression of material and ideas is sequential: What we do next week is based upon what we did this week.
3. If you must miss a class, it is your responsibility to get notes and handouts from someone in the class.
4. Please arrive for class prepared and on time. People coming in late are very disruptive to the rest of the class.

Text Books

The principle text for this course is:

Hatch, James C. and Michael J. Robinson. *Investment Management in Canada, 2nd edition*. Scarborough, Ontario: Prentice - Hall, 1989.

Evaluation & Grading

This course has a total of four written assignments due during the term. In addition there is a term paper/project due at the end of the course. The details of the paper will be decided in class.

There is one mid-term exam and a final exam. The final exam is cumulative, with an emphasis on material covered since the mid-term. The exams are essay and problem solving questions.

Evaluation and Grade Determination	
Assignments (5% each)	20%
Term Paper/Project	20%
Mid Term Exam	20%
Final Exam	40%

Grande Prairie Regional College uses a 9-point grading system (scores range from 1 to 9.) However, due to the nature of this course and the course work, marking will be done on a percentage basis. Once the final grades have been calculated according to the weights (above) I will convert scores to grades on the 9-point system according to the following chart:

Percent Score	GPRC Grade
90% - 100%	9
80% - 89%	8
72% - 79%	7
65% - 71%	6

Percent Score	GPRC Grade
57% - 64%	5
50% - 56%	4
45% - 49%	3
26% - 44%	2
0% - 25%	1

Any grade adjustments will be made at the end of the course. This will only happen in extreme circumstances. Due to the size of the class, adjustment will be done using an adjustment factor defined as:

$$k = \frac{68}{\text{actual mean}}$$

The Road Map

Week	Description	Chapters
1	Introduction	1, 2, 3
2	Debt Instruments, Interest Rates and Yield Structures	4, 5
3	Bond Investments	6
4	Equity Instruments: Common and Preferred Shares	7, 8
5	Fundamental Analysis	9
6	Fundamental Analysis and Measuring Market Returns	9, 10
7	Measuring Market Returns	10
8	Reading Week	
9	Technical Analysis	11
10	Portfolio Analysis	12, 13
11	Capital Asset Pricing Model and Efficient Markets	13, 14
12	Options, Warrants, and Convertibles	15, 16
13	Convertibles, Futures Markets	16, 17
14	Portfolio Construction and Performance	19

Other Considerations

- Although I have set office hours, I prefer an "open door policy." If you need to see me at sometime outside of my office hours, please stop by my office. If I am not with someone already, I will see you then.
- In light of the above consideration, there are some times in which I will not see students. These are the half hour immediately preceding a class. I need this time to prepare for the lecture.
- There is a tremendous amount of material in the course outline. It may not be possible to get through it all, but we will try.
- I reserve the right to make changes to the course outline as the course progresses if the need arises.