

Grande Prairie Regional College
Department of Arts, Commerce and Education
Course Outline
FNCE 401/Finance 4010 (3)
Investments
Fall 2004

Instructor: Ken Riley
Office: C307
Office hours: Tues. & Thurs. 10 – 11:30am or by appointment
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Time and Place: Monday: 13:00 – 14:20
Friday: 11:30 – 12:50
E301

Course Description:

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.

Prerequisite:

FN 3700

Content Description:

The objectives for the course are:

1. Understand the basic vehicles of investing and the factors that move them.
2. Be able to analyze the risk and return characteristics of a variety of investment vehicles.
3. Understand the impact of economics on the investment markets.
4. Understand the different valuation models in use today.
5. Understand the basics of portfolio construction and measurement.
6. Evaluate portfolio risk and assess different portfolio strategies.

To accomplish this, we will learn the major individual investment vehicles available today and also examine them from a portfolio perspective.

Classroom work will include lectures and discussion of required topics, selected problems and cases. Students are expected to have read all assigned readings,

cases and problems before coming to class and to participate fully in their discussion and analysis.

Course Materials: The required text for this course is:

1. Athabasca University Course Package

2. Major Study:

["Not Free, Not Fair: The Long-Term Manipulation of the Gold Price"](http://216.219.139.199/gold/NotFreeNotFair_Letter.pdf)
http://216.219.139.199/gold/NotFreeNotFair_Letter.pdf

Bodie, Kane, Marcus, Perrakis, and Ryan. Investments, 4th Canadian Edition. United States of America, McGraw - Hill, 2003.

Students are expected to read the business news in national papers or on the internet on a regular basis. The papers are available in the library.

Evaluation:

The grading system employed in this course will be:

Assignments (3)	40%
Participation	10%
Midterm Examination	20%
Final Examination	30%

Assignments:

Each student is expected to submit three assignments.

The first assignment will be on a topic of the students' own choosing but will need to examine some current issue in investments today. The instructor has provided a list of possible topics to stimulate thinking. The student will need to get the concurrence of the instructor on the topic before proceeding; the paper will be a maximum of 5 pages, excluding appendices. Only one person may complete any of the suggested topics. (10%)

The second will be a fundamental analysis of a company to be chosen by the student. You will analyze the macroeconomic environment, the fundamentals of the industry, the fundamental and technical picture of the company; you will then make a recommendation on the stock, whether or not to buy, to short or to avoid. The analysis will be no longer than 7 pages, excluding any appendices. (15 %)

The third assignment will be a case study to be assigned by the instructor and will be completed in a group of two. (15%)

Participation:

Each student is expected to come to class having read the material and completing any assignments given. Marks will be based on the contribution made to the class by the student; note that both quantity and quality of the contribution will be assessed. In addition, students will be expected to prepare and deliver in class an assessment of the markets for the previous week. A schedule of the presentations will be prepared in conjunction with the class.

Midterm Examination:

A midterm examination is scheduled for the week of October 18th.

Final Examination:

A final examination will be held with time and place to be announced.

COURSE TIMELINES & SUGGESTED QUESTIONS:

Week of:

September 6:	General Introduction
September 13:	Chapters 1 (Q8), 2 (Q5) & 3 (Q1, 18), 4 (Q17, 19)
September 20:	Chapter 11(Q5, 13, 30)
September 27:	Chapter 12 (12.1 – 12.4) (Q1, 10, 16)
October 4:	Chapter 13 (Q6, 11, 25) Assignment #1 Due
October 11:	Thanksgiving Day (October 11 th) Chapter 14 (Q7, 10, 37)
October 18:	Midterm Examination Chapter 15
October 25:	Chapter 16 (Q4, 9)
November 1:	Chapters 17 (Q8, 21), 18 (Q15, 23) & 19
November 8:	Chapter 5 (Q17, 29, 30, 31) Assignment #2 Due
November 15:	Chapter 6 (Q6, 30)
November 22:	Chapter 7 (Q3, 17)
November 29:	Chapter 8 (Q5 – 11, 24) & 9 (Q17) Assignment #3 Due
December 6:	Chapters 20 (Q8,14), 22 (Q14) & Course Review
Final Exam:	Time and date to be announced

(Dates are approximate and may be changed by the instructor to meet changing conditions in the class.)

Potential Topics For Assignment #1:

- An analysis of the demise of Enron
- Derivatives: Use or Misuse?
- Future of the US Dollar/Gold
- Financial reporting in the media: Balanced or Biased?
- Financial reporting – Have we cleaned up the mess?
- Income and royalty trusts as an asset class
- Are we in a bubble?
- Impact of Government Sponsored Entities (GSE's)
- What's happening to the jobs?
- Impact of unfunded liabilities of pension plans on financial markets
- Alan Greenspan: Goat or Hero?
- Federal Reserve Policies – Success or Failure?
- Impact of US Presidential Elections on investment markets
- Impact of rising oil prices on the economy and the investment markets
- Interest rates – where are they going?
- Impact of the war on terrorism on the investment markets