

Grande Prairie Regional College
ARTS, COMMERCE & EDUCATION

COURSE OUTLINE
FN4010 – INVESTMENTS
Fall 2002

Instructor: Richard Beeson, B.Sc., M.B.A.
Office Hours: 10:00 – 11:20 Monday and Wednesdays
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Pre-requisites: FN3700

This course examines the fundamentals of investment and portfolio management. It will give you the tool to select appropriate investments that provide a balance between risk and return. An examination of financial instruments such as bonds, common and preferred stock, and options and their nature are fundamental to this course. In addition, portfolio concepts, mutual funds and risk – return concepts will be covered

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 recognize the differences between various types of financial assets 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 assess 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.
3. It is your responsibility to get secure materials from someone in the class for missed lectures.
4. Please arrive for class prepared and on time. People coming in late are very disruptive to the rest of the class.

The principle text for this course is:

Bodie, Kane, Marcus, Perrakis, and Ryan. Investment, Third Canadian Edition., United States: Irwin/McGraw – Hill, 1997.

There are two mid-term exams 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

Participation	10%
Assignments (5% each)	10%
Term Assignment	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
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:

$$k = \frac{68}{\text{Actual Mean}}$$

Week	Description	Chapters
1	Course Introduction	1
2	Markets, Trading	2,3
3	Bond Pricing, Interest Rates and yield Structures	14,15
4	Yield Structures, Fixed Income Portfolio	16
5	Equity Instruments: Common and Preferred Shares	Handout
6	Security Analysis	17
7	Financial Statement Analysis	18
8	Returns, Risk, Risk aversion	5
9	Technical Analysis	19
10	Portfolio Analysis	6
11	Capital Asset Pricing Model and Efficient Markets	8,11
12	Options	20,21
13	Futures and Forward Markets	22
14	Portfolio Construction and Performance	7,12

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 finish preparing 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.

From time to time changes to the course outline may prove necessary due to course progress or current developments.