



# Grande Prairie Regional College

## School of Business

Department: Business Administration and Commerce

### Course Outline

**FNCE 401/Finance 4010 (3-0-0) UT 45 Hours**

**Investments**

**Fall 2006**

**Instructor:** Ken Riley Phone: 539-2017  
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Office hours: Mon. & Thurs. 1:00 – 2:30pm  
or by appointment

**Time and Place:** Wednesday & Friday: 13:00 – 14:20PM  
B305

**Prerequisites:** FN 3700

**Transfers To:** AU, U of A, U of C, U of L, CUC  
(Please consult the Transfer Guide for specifics.)

**Delivery Mode:** Lecture

**Course Materials:** The required text for this course is:

Athabasca University Course Package which includes:

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

Other resources and readings will be assigned during the course.

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.

### 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.

**Course Objectives:**

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.
7. Understand the macro environment impacting investment markets.

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.

**Evaluation:**

The grading system employed in this course will be:

|                           |     |
|---------------------------|-----|
| Assignments (3) .....     | 25% |
| Quizzes .....             | 10% |
| Participation .....       | 5%  |
| Midterm Examination ..... | 25% |
| Final Examination .....   | 35% |

**To receive credit in the course, all assignments must be completed and you must receive a grade of at least 50% in the course as determined by the weightings given above. Also you must achieve a minimum grade of 60% on the final exam.**

*Assignments:*

Each student is expected to submit three assignments.

The first assignment will be on a topic assigned by the instructor and will examine some current issue in investments today. More information will be given in class. The paper will be a maximum of 4 pages, excluding appendices. (7%)

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. Among other measures used, **you**

**must apply the valuation metrics covered in the course.** The analysis will be no longer than 5 pages, excluding any appendices. (8 %)

The third assignment will be a case study to be assigned by the instructor. The appropriate qualitative and quantitative measures must be included. (10%)

All assignments are due at the beginning of class on the due date. Late assignments will be accepted but will have marks deducted. No assignments will be accepted after they have been returned to students. Marks will be given for completeness of the analysis, logic used and presentation of the material. Assignments may be submitted by E-mail but it is the responsibility of the student to confirm receipt by the instructor.

*Quizzes:*

Four quizzes will be given during the year. The 3 highest marks of the 4 quizzes will be used in determining the grade. Although the instructor will attempt to give as much notice as possible, a minimum of one week's notice will be given.

*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 16th.

*Final Examination:*

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

**Plagiarism:**

Plagiarism will not be tolerated and, as such, any submitted work may be investigated for this possibility. Please ensure you read and understand the College's policy on plagiarism as published in the 2006/2007 Calendar. If you have questions on whether or not you might be violating this policy, please discuss this with your instructor before you submit your assignment.

## **COURSE TIMELINES & SUGGESTED QUESTIONS:**

### **Week of:**

- September 4:** General Introduction & Chapter 1 (Q8)
- September 11:** Chapters 2 (Q5), 3 (Q1, 18) & 4 (Q17, 19)
- September 18:** Chapter 11(Q5, 13, 30)  
**Quiz #1 (Ch.1-4)**
- September 25:** Chapter 12 (12.1 – 12.4) (Q1, 10, 16)
- October 2:** Chapter 13 (Q6, 11, 25)  
**Assignment #1 Due**
- October 9:** **Quiz #2 (Ch. 11-13)**  
Chapter 14 (Q7, 10, 37)
- October 16:** **Midterm Examination**  
Chapter 15
- October 23:** Chapter 16 (Q4, 9)
- October 30:** **Quiz #3 (Ch. 14-16)**  
Chapters 17 (Q8, 21), 18 (Q15, 23) & 19
- November 6:** Chapter 5 (Q17, 29, 30, 31)  
(No class November 10<sup>th</sup>)  
**Assignment #2 Due**
- November 13:** Chapter 6 (Q6, 30)
- November 20:** **Quiz #4 (Ch. 5-6)**  
Chapter 7 (Q3, 17)
- November 27:** Chapter 8 (Q5 – 11, 24) & 9 (Q17)  
**Assignment #3 Due**
- December 4:** Chapters 20 (Q8,14), 22 (Q14) & Course Review
- Final Exam:** Time and date to be announced

**(Dates are approximate and may be changed at the discretion of the instructor.)**

## **First assignment:**

The topic of the paper is “The Investment Reality of Today”

In this paper, I want you to determine the reality behind the investment markets today. Politics and economics combine to form the base for our investments markets. Examine the role of the US Fed in managing the economy of the US and in facilitating the political objectives of the US government. What are the investment implications of the following seemingly disconnected ideas: New World Order/Bilderbergs, private ownership of Federal Reserve System, 911 conspiracy theories, manipulation of economic and financial data, possible manipulation of markets, peak oil? Note: you must define and describe each idea, identify the potential implications of each idea individually and then identify the overall implications. Because there is not one correct answer, marks will be based on the completeness of the definitions and description of each idea and then for the logic used in determining the implications.

Key resources on reserve:

Griffin, The Creature from Jekyll Island, 4<sup>th</sup> Ed., 2002, American Media

Greider, Secrets of the Temple, 1987, Touchstone

Embry, Hepburn, “Not Free, Not Fair: The Long Term Manipulation of the Gold Price”, 2004, Sprott Asset Management..

Embry, Hepburn, “Move Over Adam Smith, The Visible Hand of Uncle Sam”, 2005, Sprott Asset Management.

Williams, “Shadowing Reality”, Weeden & Co., 2006

Armstrong, “A treatise on Imbalances...and the Calm before the Storm”, 2006

Simmons, “Twilight in the Desert: The Coming Saudi Oil Shock and the World Economy”, 2005. Transcription of Interview.

Ruijter, “Pipelines to 911”, 321energy.com article, 2006.

Internet Sites:

911 Questions: <http://video.google.com/videoplay?docid=-5946593973848835726&q=911+videos>

WTC7 Collapse:

[http://www.conspiracycafe.net/board\\_forum/index.php?showtopic=1585](http://www.conspiracycafe.net/board_forum/index.php?showtopic=1585)

911 Eyewitness:

<http://video.google.com/videoplay?docid=-3498980438587461603&q=911+videos>

## **Second assignment:**

What are the critical factors determining the success of this company, i.e. what are those key factors that must be present in the macro economy, industry and company for the company to be successful? Identify the key factors and determine the current status of each of them. Calculate the various valuation measures discussed in class and any others

that might be relevant. Based on your analysis of all factors and measures, make a recommendation on the stock.

**Third assignment:**

An investment policy must be developed and then related to the quantitative measures in order to make a recommendation.

Comments from Students:

All assignment OK; #1 keep topic directed and with resources  
#2 & #3 – good. Advise students that it takes more time than two nights. Strongly recommend that they come and talk to me to get calibrated with me a week before the due date.

Also recommend doing more questions in some areas.

Time spent on presenting was good as it forced students to learn about that part. And examining it is OK too.