



Grande Prairie Regional College

School of Business

Department of Business

Course Outline

FNCE 401 (3-0-0) UT 45 Hours

Investments

Fall 2008

Instructor: Lori Palmer Phone: 539-2711
Office: C406 E-mail: lpalmer@gprc.ab.ca
Office hours: Tues. & Thurs. 10:00 – 11:30
or by appointment

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

Prerequisites: FN 3700

Transfers To: U of A, U of C, U of L, KUC, 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, 5th Canadian Edition. United States of America, McGraw - Hill, 2005.

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. Students are also expected to use the extensive resources found on the AU website for this course.

Course Description:

This course is a comprehensive examination of the theories, methods and strategies required for successful financial investments. The emphasis is to develop an understanding of the principles of investment analysis and the relationships of financial investment decision variables, and to acquire an ability to make sound investment decisions. Major topics include financial instruments, portfolio theory, capital asset pricing, market efficiency, financial security analysis, fixed income securities, derivative securities and active portfolio management.

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 (2)	20%
Quizzes (3)	15%
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 “D” or 50% on the final exam.

Assignments:

Each student is expected to submit two assignments.

The first assignment 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. (10%)

The second 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 the class. Marks will be given for completeness of the analysis, logic used and organization 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:

Three quizzes will be given during the year. The 3 highest marks of the 3 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 completed any assignments. 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 tentatively for the week of October 15th.

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 2007/2008 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:

Week of:

September 5: General Introduction & Chapter 1

September 10: Chapters 2, 3 & 4

September 17: Chapter 11

September 24: Chapter 12 (12.1 – 12.4)

October 1: Chapter 13

October 8: Chapter 14

October 15: **Midterm Examination**
Chapter 15

October 22: Chapter 16

October 29: Chapters 17 & 18

November 5: Chapter 5

November 12: Chapter 6

November 19: Chapter 7

November 26: Chapter 8 & 9

December 3: Chapters 20, 22 & Course Review

Final Exam: Time and date to be announced

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

General information on assignments:

The format of all assignments must be in what I label “Business Readable” form. Because most business people are very busy, the report must be easy to read. Here are some hints. First there should be an Executive Summary which will identify the purpose of the paper, the methodology used, major alternatives examined, key findings, potentially the major criteria used in making a decision and then the recommendation.

Secondly, you should use bolded headings to identify the major sections of your paper. As you read these sections, the logic of the paper should be determinable. Depending on the paper, it may be appropriate to briefly summarize your findings for a particular section. Use point form where appropriate. Needless to say, good English is a requirement. Full referencing is required but the format of the referencing is at the option of the student.

Thirdly, as you make your conclusions, you must state the reasons for your recommendation. You must specifically identify the key ideas you are using in making your recommendation with reasons. It is highly unlikely that a “Based on the above...” comment will be sufficient.

The above is not intended to be a comprehensive statement on writing a paper. Please feel free to discuss questions with your instructor.

Additional information on the first 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.