

School of Economics and Finance

FINA 202 INTRODUCTION TO INVESTMENTS

Trimester 2 2012

COURSE OUTLINE

Names and Contact Details

The Course Coordinator and lecturer for the course is Brandon Chen, RH316, ext 5131, Brandon.Chen@vuw.ac.nz. Office hours will be on Thursdays 2.30-3.30pm, or by appointment.

Any administrative matters should be brought to the attention of Bonnie Riley, RH321, ext 5380, Bonnie.Riley@vuw.ac.nz. Office hours are 9am-12pm and 1-4pm.

Trimester Dates

Teaching Period: Monday 16 July – Friday 19 October

Study Period: Monday 22 October – Thursday 25 October (Monday 22 October is a public holiday, Labour Day)

Examination Period: Friday 26 October – Saturday 17 November (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 27 July 2012.
2. The standard last date for withdrawal from this course is Friday 28 September. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an ‘*Application for Associate Dean’s Permission to Withdraw Late*’ including supporting documentation.

The application form is available from either of the Faculty’s Student Customer Service Desks.

Class Times and Room Numbers

Type	Day	Time	Room
Lecture	Monday	10:30-11:20	RHLT1
Lecture	Wednesday	10:30-11:20	RHLT1
Tutorial	Monday	9:30-10:20	RWW126
Tutorial	Monday	9:30-10:20	RWW127
Tutorial	Monday	13:40-14:30	RWW127
Tutorial	Monday	13:40-14:30	RWW128
Tutorial	Monday	14:40-15:30	RWW127
Tutorial	Monday	14:40-15:30	RWW128
Tutorial	Wednesday	9:30-10:20	RWW220

Tutorial	Wednesday	9:30-10:20	RWW311
Tutorial	Wednesday	13:40-14:30	RWW126
Tutorial	Wednesday	13:40-14:30	RWW127
Tutorial	Wednesday	14:40-15:30	RWW311
Tutorial	Wednesday	14:40-15:30	RWW312
Tutorial	Thursday	9:30-10:20	RWW125

Course Content

Week Beginning	Week	Subject	Textbook chapter	Tutorial
16 July	1	Financial Markets, Utility Theory	slides	--
23 July	2	Portfolio Analysis	10, 11	--
30 July	3	Portfolio Analysis	10, 11	Yes
6 August	4	Capital Asset Pricing Model	11	Yes
13 August	5	Valuation of Equities	4	Yes
20 August	6	Valuation of Equities	9	Yes
10 September	7	Public Offering, In-term Test	20	--
17 September	8	Valuation of Bonds	8	--
24 September	9	Valuation of Derivatives	22, 25	Yes
1 October	10	Valuation of Derivatives	22, 25	Yes
8 October	11	Efficient Market Hypothesis	14	Yes
15 October	12	Investment and Ethics, Course Review	slides	Yes

Course Learning Objectives

By the end of this course, students should be able to:

- C1 Describe financial market microstructure and explain why relevant institutions exist;
- C2 Describe the nature of real and financial assets, and explain asset portfolio choice;
- C3 Demonstrate an understanding of the theories explaining the term structure of interest rates;
- C4 Analyse the role of utility functions and preferences for risk in the determination of investment decisions;
- C5 Explain the logic of portfolio theory and the trade-off between risk and return;
- C6 Describe asset pricing models in the context of undiversified and fully diversified portfolios;
- C7 Explain the implications of the efficient markets hypothesis for first and investors;
- C8 Analyse the reasoning behind technical analysis and behavioural finance, and explain how they challenge the classical theories of finance.

Course Delivery

The delivery of the course will involve lectures (12 weeks) and tutorials during 8 of the 12 weeks in the course, starting in Week 3 (see Course Content for details). Tutorial materials will be distributed online in the previous week and should be completed before attending the tutorial class. Students are strongly recommended to attend tutorials, as comprehension of tutorial materials is necessary for the preparation of the in-term test and final exam.

Expected Workload

The anticipated workload is about 11 hours per week, comprising 2 hours for lectures, 1 hour for a tutorial, 3 hours to prepare the tutorial assignments, and 5 hours for group work and reading.

Group Work

Students are expected to form a group of 5 to work on the valuation of a certain publicly traded company, and the potential ethical issues a research analyst could face. This group assignment accounts for 15% of each student's total mark. Total number of pages should be limited to 8, including references. More information will be released in Week 4 of the course.

Readings

The prescribed text is S. Ross, R. Westerfield and J. Jaffee, *Corporate Finance*, 9th edition, McGraw-Hill Irwin, 2010 (RWJ). The readings for each week are indicated in the Course Content section.

The examinable material constitutes the lecture material and tutorial assignments. The prescribed reading is intended to assist in the comprehension of this. Accordingly it should be read prior to the relevant lectures, and possibly also afterwards as a follow-up.

Materials and Equipment

Students are permitted to use any electronic calculators in the in-term test, but not those built-in on your mobile phones or tablet computers. The policy concerning the use of calculators in the final exam should be in line with the overall school's guidelines.

Assessment Requirements

Your mark will be determined in the following way:

Scheme A:

In-term Test	25%	Wednesday 12 September 2012
Group work	15%	Due on Thursday 18 October 2012
Final Exam	60%	The date will be scheduled during the University exam period

Scheme B:

In-term Test	0%	Wednesday 12 September 2012
Group work	15%	Due on Thursday 18 October 2012
Final Exam	85%	The date will be scheduled during the University exam period

Each student's mark will be calculated based upon the above two schemes and the better one of the two will be chosen as his/her final mark. In other words, his/her final mark = Max (Scheme A, Scheme B).

The 35-min in-term test (in accordance with Objectives C1, C2, C4, and C5) will be multiple-choice and cover the material presented in the first 6 weeks. The two-hour final exam (in accordance with Objectives C1-C8) will cover the entire course (20% comes from the material covered in the first 6 weeks). The group assignment (in accordance with Objectives C4 and C6) should be submitted in hard copy. Page limit of the group assignment is 8.

Quality Assurance Note

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCom programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

Examinations

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period.

The final examination for this course will be scheduled at some time during the period from Friday 26 October – Saturday 17 November (inclusive).

Penalties

Late submission of the group assignment will result in a 5% discount of the group assignment mark per day (applies to each of the group members).

Mandatory Course Requirements

There are no mandatory requirements for passing the course.

Class Representative

A class representative will be elected in the first class, and that person's name and contact details made available to VUWSA, the Course Coordinator and the class. The class representative provides a communication channel to liaise with the Course Coordinator on behalf of students.

Communication of Additional Information

Additional information or information on changes will be conveyed to students via Blackboard.

For the following important information follow the links provided:

Academic Integrity and Plagiarism

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

General University Policies and Statutes

Find key dates, explanations of grades and other useful information at

www.victoria.ac.nz/home/study

Find out about academic progress and restricted enrolment at

<http://www.victoria.ac.nz/home/study/academic-progress.aspx>

The University's statutes and policies are available at www.victoria.ac.nz/home/about/policy, except qualification statutes, which are available via the Calendar webpage at

<http://www.victoria.ac.nz/home/study/calendar.aspx> (See Section C).

Further information about the University's academic processes can be found on the website of the Assistant Vice-Chancellor (Academic) at

www.victoria.ac.nz/home/about_victoria/avcacademic/default.aspx

AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support

http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx

Faculty of Commerce Office

<http://www.victoria.ac.nz/fcom/studenthelp/>

Te Putahi Atawhai

Maori and Pacific Mentoring Programme

<http://www.victoria.ac.nz/tpa/>