

School of Economics and Finance

FINA202: INTRODUCTION TO INVESTMENTS

Trimester 2, 2016

COURSE OUTLINE

Prescription

An introduction to the institutions, markets and instruments of the NZ financial system, as well as the theory and practice of asset valuation and portfolio selection.

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 Explain the logic of portfolio theory and the trade-off between risk and return;
- C3 Describe asset pricing models in the context of undiversified and fully diversified portfolios;
- C4 Demonstrate an understanding of the theories explaining the term structure of interest rates;
- C5 Demonstrate an understanding of the theories explaining valuation of derivatives;

Course Content

Subject
Financial Markets Microstructure <ul style="list-style-type: none"> • The investment Environment: BKM1 • Asset Classes and Financial Instruments: BKM2 • How Securities Are Traded: BKM 3 • Mutual Funds and Other investment Companies: BKM4 • Hedge Funds: BKM26
Risk and Returns <ul style="list-style-type: none"> • Risk, Returns and the Historical Record: RWJ10, BKM5 • Stock Valuations Review: RWJ9 • Capital Asset Pricing Model Review: RWJ11 • Portfolio Performance Evaluation: BKM24 • Financial Statement Analysis: BKM19
Bond Valuations <ul style="list-style-type: none"> • Bond Prices and Yields: RWJ8, BKM14 • The Term Structure of Interest Rates: BKM15
Derivatives Valuations <ul style="list-style-type: none"> • Options Markets: Introduction: BKM20 • Futures Markets: BKM22, RWJ25.5-25.7

- BKM: Bodie, Kane and Marcus, *Investments*, 10th edition, McGraw-Hill Irwin, 2014
- RWJ: Ross, Westerfield and Jaffee, *Corporate Finance*, 10th edition, McGraw-Hill Irwin, 2013

Trimester Dates

Teaching Period: Monday 11th July – Friday 14th October

Study Period: Monday 17th October – Thursday 20th October

Examination Period: Friday 21st October – Saturday 12th November (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 22nd July 2016.
2. The standard last date for withdrawal from this course is Friday 23rd September 2016. 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 or [online](#).

Names and Contact Details

The Course Coordinator and lecturer for the course is Ingrid Lo, RWW211, Phone 9680, Ingrid.Lo@vuw.ac.nz. The office hour is Fridays 14.40-15.30, or by appointment.

Any administrative matters should be brought to attention of Debbie Turner, RWW111, Phone 463 6386, or email Debbie.Turner@vuw.ac.nz

Class Times and Room Numbers

Wednesdays and Fridays 15.40-16.30 RHLT1

Course Delivery

The delivery of the course will involve lectures (12 weeks) and tutorials during 8 of the 12 weeks in the course. 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.

Readings

The prescribed texts are

- Ross, Westerfield and Jaffee, *Corporate Finance*, 10th edition, McGraw-Hill Irwin, 2013.
- Bodie, Kane and Marcus, *Investments*, 10th edition, McGraw-Hill Irwin, 2014

The examinable material constitutes the lecture material and tutorial assignments.

Expected Workload

The anticipated workload is about 10 hours per week, comprising two hours for lectures, one hour for a tutorial, three hours to prepare the tutorial assignment, and four hours for reading.

Assessment

Your mark will be determined in the following way:

In-term Test1 20% Friday, 5th August, 2016

In-term Test2 20% Friday, 16th September, 2016

Final Exam 60% The date will be scheduled during the University exam period

The 35-min in-term test 1 will cover the material presented in the first 4 weeks. The 35-min in-term test 2 will cover the material presented from Week 1 to Week 8. The two-hour final exam will cover the entire course

Mandatory course requirements

None.

If you cannot complete an assignment or sit a test or examination, refer to www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat

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 following period:

Friday 21st October – Saturday 12th November (inclusive)

Use of Turnitin

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <http://www.turnitin.com>. Turnitin is an on-line plagiarism prevention tool which compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and submitted to Turnitin. A copy of submitted materials will be retained on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

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.

Student feedback

Student feedback on University courses may be found at www.cad.vuw.ac.nz/feedback/feedback_display.php.

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 will regularly be placed on the course Blackboard site. You will also receive emails sent to the email address recorded on Student Records. Please check at the start of the course that this is the address you want to use.

Link to general information

For general information about course-related matters, go to <http://www.victoria.ac.nz/vbs/studenthelp/general-course-information>

Note to Students

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 academic audit. The findings may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.
