



COURSE: FIN 4030 INVESTMENT
CREDIT: 3 UNITS

COURSE OUTLINE

Prerequisite: FIN 3010; FIN 4020

COURSE DESCRIPTION

This course is designed to facilitate the evaluation of various alternative investment vehicles including bonds, shares, real estate, derivative instruments, mutual funds, gold and other commodities, collectibles, and portfolio construction and management accordingly.

PURPOSE OF THE COURSE

At the end of this course, the student should be able to:

- ♣ Explain the importance and theory of investing
- ♣ Evaluate the investment environment
- ♣ Analyse investment opportunities in shares and bonds etc
- ♣ Assess investments in real estate
- ♣ Discuss and analyse financial derivatives and other financial markets
- ♣ Explain appropriate investment portfolio management approaches
- ♣ Evaluate investment portfolio performance

Link to university mission outcomes

The unit will expose students to investment knowledge and its application, the acquisition of skills, and the development of intellect and character in a manner that prepares them to contribute effectively and ethically as citizens of a changing and increasingly technological world.

This will be achieved through development of high level thinking, by developing and demonstrating the ability to think critically, analytically and

rationally

Link to the school of business outcomes

The unit will provide students with a range of knowledge, skills, and problem-solving abilities to respond to the need for successful management of business firms' investment scenarios and organizations' portfolio management. This is achieved by giving them an understanding of the global investment environment and its impact on business operations.

COURSE LEARNING OUTCOMES

- To help the student think as an avid investor or portfolio design person using various risk management and broad investment concepts and principles.
- To develop the ability to identify the principles of risk-return relationships, their contributions and limitations.
- To understand the broad categories of assets and products that offer opportunities for investments, and their behaviour by focusing on the decision-making process of firms and individuals.
- To identify and understand the interrelationships & linkages of different financial tools, how they are used to measure and attach value to investment candidates, market value adding and global relationships, different types of market oriented challenges, and their implication on the investor.

WEEKLY OUTCOMES

Week 1: The investment environment and theory

Learning Objectives/outcomes:

1. *To understand the investment theory*
2. *To appreciate why returns and risks are the key components of investment decisions*
3. *To be able to approach the investment operating environment*
4. *To understand the investment decision process*

♠ Investment theory and objective : individual Vs Institution

- ♣ Investor circumstances, attitude and conditions
- ♣ Sourced of investment information
- ♣ Financial investment
- ♣ Risk-return relationship
- ♣ The time value of money

Link to Program Learning Outcomes

- 1) Analyse and Utilize business data in making managerial/Investment decisions in business environment

Week 2-3: investment in shares

Learning objectives/outcomes:

1. *To understand how the stock market operates*
2. *To understand the foundation of the evaluation of a share*
3. *To understand the various share valuation methods*

- ♣ The stock market, its efficiency, role and function
- ♣ Stock return and risk measures
- ♣ Forecasting stock price volatility
- ♣ Public placement of stock, secondary stock offering, shelf registration
- ♣ Factors affecting stock prices
- ♣ Stock valuation approaches: fundamental analysis and technical analysis
- ♣ Valuation of stock right
- ♣ Market performance measure and indicator

Week 4-5: investment in bonds

Learning objectives/outcomes:

1. *To understand the various types of bonds*
2. *To understand and calculate various bond yield measures*
3. *To appreciate bond investment strategies*

- ♣ Types of bonds
- ♣ Grading of bonds and its purposes
- ♣ Bond risks and returns
- ♣ Valuation of bonds
- ♣ Bond investment strategies

Week 6: investment in real estate

Learning objectives/outcomes:

1. *To appreciate the investment opportunities available in the real estate sector*
2. *To understand the risks and returns associated with real estate*
3. *To be able to do valuation of the real estate*

- ♣ Types of real estate
- ♣ Risks and returns in the real estate investment
- ♣ Valuation of real estate investment
- ♣ Investment in gold and other commodities and collectibles

WEEK 7: MID-TERM EXAMINATION

Week 8-9: Financial derivatives

Learning objectives/outcomes:

1. *To understand the principle of options and futures*
2. *To understand the use of options and futures*
3. *To be able to do valuation of options and futures*

- ♣ Principles of options and futures instruments
- ♣ Strategic/hedging uses of options and futures
- ♣ Valuation of options and futures – the black and Scholes option pricing model corporate finance
- ♣ Interest rate swaps, risks of interest swaps, interest rate caps, floors and collars

Week 10-11: Portfolio management

Learning objectives/outcomes:

1. *To understand the steps involved in the portfolio management*
2. *To develop portfolio investment strategies*

- ♣ Principle of portfolio theory, portfolio risks and return measures
- ♣ Portfolio construction and selection including foreign assets
- ♣ Passive management techniques
- ♣ Active management techniques
- ♣ Investment in mutual funds/investment companies

Week 12: portfolio performance and evaluation

Learning objectives/outcomes:

1. *To understand the issues involved in evaluating portfolio performance*
2. *To be able to analyse the performance of a portfolio using sharpen, Treynor and Jensen measures*

- ♣ portfolio monitoring and adjustments
- ♣ portfolio evaluation : purpose and techniques
 - Ω Sharpen's measure
 - Ω Treynor's measure
 - Ω Jensen's measure

Week 13: group presentations

Assigned groups will each write a project on assigned areas/topics and the deliverables will include presentation to the class and provision of a hard written copy for grading

WEEK 14: FINAL EXAMINATION

INSTRUCTION METHODOLOGY

A combination of lectures, case studies, class discussions, and problem solving techniques will be used. Students are advised to read the relevant materials before they are discussed in class for both participation and understanding. Class attendance and participation will earn students marks. Students are also advised to solve as many problems at the end of each relevant chapter as will be possible.

COURSE TEXTS

- Ω Reiley, F.K and Keith C.B *investment Analysis and portfolio management 10th edition (INTERNATIONAL EDITION)*
- Ω Reiley, F.K and Keith C.B *investment Analysis and portfolio management 9th edition. Fortworth, Dryden press (2003)*
- Ω *Bodie/Kane/Marcus Investment 6th edition*
- Ω *Charles P. Jones :Investments 10th Edition*

COURSE EVALUATION

➤ Class attendance and participation	10%
➤ Assignments	20%
➤ Project	20%
➤ Mid-term examination	20%
➤ Final examination	<u>30%</u>
➤ <u>Total</u>	<u>100%</u>

GRADING SYSTEM

➤ 90-100	A
➤ 87-89	A-
➤ 84-86	B+
➤ 80-83	B
➤ 77-79	B-
➤ 74-76	C+
➤ 70-73	C
➤ 67-69	C-
➤ 64-66	D+
➤ 62-63	D
➤ 60-61	D-
➤ 0-59	F

IMPORTANT NOTES

- 1) Missing class **EIGHT** times without permission will lead to an automatic **FAIL** regardless of the **MARKS** attained.
- 2) It should be understood that there will be **NO** make-up examinations whatsoever in this course.
- 3) Plagiarism is strictly discouraged. Where material has been lifted from a document, students should quote the source.