Subject Outline

FIN 223 Investments 1
Spring 2003
Wollongong Campus
Dubai Campus
University of Wollongong

6 Credit Points

Dr. Scott Dobbs
612 4221 4417
sedobbs@uow.edu.au

School of Accounting and Finance
Subject Details

Description
This subject builds upon the skill developed in FIN 221, extending the language, concepts and techniques into the areas of capital investments and portfolio management. This subject introduces students to the investment decisions facing the investor, exploring the economic basis of investing and develops an analytical framework used to explain prices of investments within the various market structures. An emphasis upon a practical approach to capital investment decisions and portfolio management in the real world will assist students to understand the decisions facing investors and fund managers who face complex investment portfolio decisions.

Objectives

Upon completion of this subject, students should be able to apply sufficient theoretical and practical knowledge to exhibit understanding to:

♦ Identify, and solve the main decisions facing an investor in the selection, construction, and maintenance of a portfolio of assets;
♦ Explain, evaluate and discuss the major issues of organisation and function within alternative financial asset markets, including product development and recent trends in capital markets;
♦ Recognise and discuss the techniques and measures in the evaluation of investment performance;
♦ Recognise and discuss the terminology, concepts and characteristics of derivatives markets and their operation and use, especially in relation to hedging a portfolio of assets;
♦ Define portfolio management strategies and the fundamental issues and decisions involved in each strategy.

Method of Delivery

This subject is delivered in a combination of Lecture, tutorial, and additional print material, coupled together with a hard copy textbook. In addition, if permission is subsequently granted, some cd material may be placed at the disposal of the students which may assist their learning, especially in regards to certain derivatives. At present, permission has been requested, but not yet given for site use of certain material.

Web CT

A site is currently under construction where students may access the subject outlines, lecture material, limited tutorial solutions, and assignment material. Lecture and tutorial solutions will not automatically be posted to this site, and students should be aware that although solutions to tutorial material is discussed in class and, at times, in lectures, there is no automatic mechanism where students can enjoy unfettered access to the class solution material. It is the students’ responsibility, therefore, to ensure that
material is attempted each week and questions answered in the relevant weeks where the material is given.

**Study Time**

This is a rigorous and substantive class, and as the class progresses, concepts covered in earlier material are assumed knowledge for later more difficult and complex decisions. Students should be aware that the University of Wollongong considers that for every credit point assigned to a subject, a minimum of 2 hours each week should be set aside by the student for careful study. As FIN 223 is a 6 credit point subject, students should devote at least 12 hours each week to this subject, including class times. Some students may require more time to grasp the material in any given week. Students are warned that this class is not one where an apathetic or lethargic attitude can be entertained in the first weeks and then devotion and “cramming” manifest in the later part of the course. The material is difficult and should be carefully studied from the first week of class to the final examination, and hopefully, carried into professional life.

**Lectures and Tutorials**

Lecture 1  Tuesday  11:30am-12:30pm  67.107
Lecture 2  Wednesday  11:30am-12:30pm  67.104

Students are to sign up for tutorials within the SOLS online tutorial signup scheme. No additional students are to be allowed in any tutorial where they are not properly signed up and any tutorial changes **must be approved by the subject coordinator**.

<table>
<thead>
<tr>
<th>Name</th>
<th>Tutors</th>
<th>Day</th>
<th>Start Time</th>
<th>End Time</th>
<th>Location</th>
</tr>
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<tbody>
<tr>
<td>Tutorial 1</td>
<td>Scott</td>
<td>Tues</td>
<td>9:30</td>
<td>10:30</td>
<td>19.G005</td>
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<tr>
<td>Tutorial 2</td>
<td>TianShu</td>
<td>Tues</td>
<td>9:30</td>
<td>10:30</td>
<td>40.125</td>
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<tr>
<td>Tutorial 3</td>
<td>Scott</td>
<td>Tues</td>
<td>12:30</td>
<td>13:30</td>
<td>40.128</td>
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<tr>
<td>Tutorial 4</td>
<td>Scott</td>
<td>Tues</td>
<td>13:30</td>
<td>14:30</td>
<td>40.125</td>
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<td>Tutorial 5</td>
<td>TianShu</td>
<td>Tues</td>
<td>18:30</td>
<td>19:30</td>
<td>30.117</td>
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<tr>
<td>Tutorial 6</td>
<td>Joel</td>
<td>Wed</td>
<td>10:30</td>
<td>11:30</td>
<td>40.127</td>
</tr>
<tr>
<td>Tutorial 7</td>
<td>Joel</td>
<td>Wed</td>
<td>16:30</td>
<td>17:30</td>
<td>22.G23</td>
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<tr>
<td>Tutorial 8</td>
<td>Joel</td>
<td>Wed</td>
<td>18:30</td>
<td>19:30</td>
<td>30.12</td>
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<tr>
<td>Tutorial 9</td>
<td>Joel</td>
<td>Wed</td>
<td>15:30</td>
<td>16:30</td>
<td>19.21</td>
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<td>Tutorial 10</td>
<td>Joel</td>
<td>Wed</td>
<td>8:30</td>
<td>9:30</td>
<td>40.125</td>
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<tr>
<td>Tutorial 11</td>
<td>Joel</td>
<td>Wed</td>
<td>17:30</td>
<td>18:30</td>
<td>30.117</td>
</tr>
<tr>
<td>Tutorial 12</td>
<td>Joel</td>
<td>Tues</td>
<td>15:30</td>
<td>16:30</td>
<td>19.G026</td>
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</tbody>
</table>
**Assigned Textbook**


**Recommended Texts**

In addition to the assigned text, students may find the following texts helpful:

[Also 5th edition International Edition]


**Subject Coordinator**

Dr. Scott Dobbs
School of Accounting and Finance
Office: 19.1040
Telephone: 4221-4417
Fax: 4221-4297
Email: sedobbs@uow.edu.au

**Consultation Times**

Monday 3:30-5:30 pm
Wednesday 1:30-3:30 pm

**Tutors**

Joel Grant
School of Accounting and Finance
Office: 40.320
Telephone: 4221 3624
Fax: 4221 4297
Email: joel_grant@uow.edu.au
Consultation times: TBA
Students are free to purchase books anywhere they wish, but the proper texts have been ordered by the Unishop to accommodate the numbers in this class, given past experience with student numbers. If additional texts are needed, they will be promptly ordered from the publisher.

Assessment Guidelines

General Criteria

There will be three assessments in total comprising 100 marks in this class. The amount of marks available in each assessment task is as follows:

- **Major assessment**: 30%
- **Midterm examination**: 30%
- **Final examination**: 40%

The major assessment is a complex problem comprising an analysis of returns and risk for a portfolio of securities made up of a combination of equities, fixed interest securities, and managed funds. Students will receive more information prior to the end
of week two of the course. Students should be aware of the following very important guidelines.

Students are prohibited from making use of any written work produced by any student at the University of Wollongong, past or present, in any assignment in this subject.

Students must achieve a satisfactory result (at least 45%) in each assessment task, and must achieve a clear “pass” in the final examination in order to pass this subject. This assessment criterion will be rigidly enforced.

Although the emphasis in any assessment in this subject lies upon the substantive issues, a manifestly inadequate form or format may also result in loss of marks in any assessment. Students should, therefore, think carefully about the presentation of any assessment task. Marks may be scaled in any assessment in this subject at the subject coordinator’s discretion.

Students should be made clearly aware that all classes in this subject are compulsory. Although a role is not kept or contemplated for the lecture times, examinable material may be presented during these times, which may not be given in any other format. The policy of the University of Wollongong requires that no marks may be awarded for attendance or for the calculation of any assessment.

Where a student’s marks fall at the border between gradients, the manifest effort and participation within the tutorial regime throughout the duration of the subject may be taken into account in the scaling or modification of any student’s marks.

**Performance grades**

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage Range</th>
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<tbody>
<tr>
<td>High Distinction</td>
<td>85% or higher</td>
</tr>
<tr>
<td>Distinction</td>
<td>75%–84%</td>
</tr>
<tr>
<td>Credit</td>
<td>65%–74%</td>
</tr>
<tr>
<td>Pass</td>
<td>50%–64%</td>
</tr>
<tr>
<td>Fail</td>
<td>0–49%</td>
</tr>
</tbody>
</table>

At present information it is understood that pass conceded is not available in this subject to any student with a “Finance” major or submajor.

**Special Consideration**

Students who, through serious illness or circumstances beyond their control are unable to attend a tutorial, examination, or submit an assessment task in a timely manner are required to submit proper medical documentation as soon as the problem becomes known to the University of Wollongong Administration. The hard copy of any supporting documentation must be presented to Administration using the proper form, but students can submit the initial application through the SOLS system online at [http://www.uow.edu.au/student/](http://www.uow.edu.au/student/).

Students should be made clearly aware that they have an obligation to communicate to the subject coordinator or their tutor as soon as a problem is foreseeable. Students who submit requests for special consideration at or after the due date for an
assessment or examination are normally scrutinized very carefully to ascertain the legitimate underlying validity of their request. Special consideration is not automatically extended to the student except in very exceptional cases.

**Supplementary examinations**

Supplementary examinations are not automatically extended to students upon request for special consideration. In rare cases where a supplementary exam is awarded, however, the student(s) will be required to take the examination on a date normally set within three (3) weeks of the end of the examination period, or within three weeks of the date of the midterm examination. No other provision is made for supplementary examination and if the student is not able to attend the supplementary examination, a “fail” grade is normally recorded in the absence of extraordinary circumstances or submission of proper medical documentation. Students will be notified prior to the examination and it is the student’s responsibility to ensure their proper address is correctly recorded on the University records.

Full details of the University’s policy regarding special consideration are available on the University’s website. Students should familiarise themselves with these policies at: [http://www.uow.edu.au/handbook/courserules/specialconsideration.html](http://www.uow.edu.au/handbook/courserules/specialconsideration.html).

**Disability Policy**

Any student who suffers with a disability requiring reasonable accommodation in this subject are strongly advised to discuss the matter with the tutor and/or subject coordinator at the earliest possible convenience. In addition, the student should contact the Faculty Disability Advisor or the Disability Liaison Officer, and register with the University of Wollongong’s Disabilities Unit. More details can be found on the web at [http://www.uow.edu.au/student/services/disabl.html](http://www.uow.edu.au/student/services/disabl.html).

**Non Discriminatory Language**

The University of Wollongong endorses a policy of non-discriminatory language practice and presentation in all academic and administrative activities. The policy is available at [http://www.uow.edu.au/eeo/nondiscrimlanguage.html](http://www.uow.edu.au/eeo/nondiscrimlanguage.html).

**Receipt of Assessment Tasks**

It is the student’s responsibility to ensure that a signed receipt is issued in regard to the submission of any assessment tasks.

**Midterm Examination**

The midterm examination comprises multiple choice and short answers, some purely mathematically based, comprising 30% of the marks available in this subject.
Students should be aware that a dismal failure in the midterm examination will normally preclude further participation in this subject, for the student will be deemed to have failed to achieve a satisfactory result on an assessment task and will, therefore, fail this subject.

The midterm exam will be given in one of the lectures of week 7. The class may be divided for convenience and more information will be given in the weeks prior to the exam.

**Final Examination**

The final examination is worth 40% of the marks available in this subject. All aspects of the topics in this subject are examinable, but an emphasis may lie upon the second section of the class material. The exam will last 3 hours and 15 minutes and is “closed book”. The final examination is a discriminatory examination in that it discriminates heavily against those students who are not thoroughly familiar with the material of the subject, and discriminates heavily in favour of those students who are thoroughly familiar with all aspects of the subject topics. It will be heavily weighted toward mathematical aspects of the subject, at the discretion of the subject coordinator. More information will be given to students as time progresses toward this examination. The University of Wollongong schedules the examination during the examination period at the end of the semester.

**Submission Requirements**

All assignments are to be placed in the box provided for this purpose, which will be displayed outside the office area of the School of Accounting and Finance in building 40, 3rd floor. If instructed during the class to submit directly to your tutor or course coordinator, then this is to be done. Otherwise, no other place of submission is acceptable.

Students should be clearly aware that under no circumstances is an assignment to be faxed to the School to avoid late penalties. Faxed assignments will not be accepted. If an assignment is to be posted to the School of Accounting and Finance, it must be postmarked clearly and the date of the postmark will be deemed to be the date of submission.

No assignment will be accepted if emailed to the tutor, course coordinator, or the School of Accounting and Finance.

All assignments must have a School of Accounting and Finance cover sheet providing the course number, code, the name and student number of the student, the due date of the submission, the course coordinator and the tutor and tutorial time of the student submitting the assessment task.

All pages of the assignment must be numbered with a maximum of 15 mm margin on both the left and right sides and 30 mm top and bottom margins. 1 ½ or 2 line spacing is permissible, but any wider spacing will be penalized, as well as excessive margins to inflate the impression of the length of the work.


More information will be provided to students as the submission date draws nearer.
Acknowledgment/Plagiarism

Plagiarism is not acceptable and will certainly result in the imposition of severe penalties. The University of Wollongong provides clear guidelines on the practice of plagiarism and how it can be avoided. Students are directed to the University of Wollongong handbook, located on the web at:

Students are reminded that there is a prohibition in this subject regarding the use of any work produced by another student, past or present, in the generation of any assessment task. Any student found violating this prohibition will be severely penalized and a submission and report will be handed to the Faculty Investigation Committee to be permanently bonded to the student’s records. This constitutes academic misconduct and students have been expelled from this University for academic misconduct. In addition, the students should be aware that Professional bodies take a very dim view of those who practice dishonesty and many persons have been refused admission to the professional bodies on the basis of dishonest conduct. Honesty and integrity should be the foremost hallmark character attribute of any professional. Academic misconduct, therefore, is viewed as a loathsome practice. Other examples of academic misconduct include, but are not limited to:

- Students improperly gaining knowledge of an assessment task or examination and using that knowledge in the assessment task or examination;
- Students forging the name of another student on a class role;
- Students having work prepared for them, for remuneration or otherwise, and submitting that work as their own.

Extensions

Extensions are almost never granted, except in very unique circumstances. If, however, a student encounters circumstances beyond their control which interferes with their ability to complete an assessment task and submit in a timely manner, the student should make the matter known to the subject coordinator as soon as it arises and seek an extension prior to the assessment task’s due date. No extension will be granted on or after the due date of an assignment without proper submission of acceptable medical documentation.

Late Penalties

A penalty will be applied to any assignment not submitted on or prior to the due date of 10% for every day, or part thereof, that the assignment is late. This also includes the weekends, so if an assignment is due on Friday, but is handed in on Monday, the penalty will be 30% of the marks available for that assignment. As the major assignment in this subject is worth 30 marks, if an assignment is submitted 3 days late, the student will be penalised 9 points. If the student would have received, say, 24 points out of the possible 30 on the assignment, this means that they will receive only 15 points (24 – 9 = 15). Any assignment submitted 7 days late or more will be penalised so heavily that the student will be deemed, in the absence of acceptable
medical documentation or permission from the course coordinator, to have failed the subject.

Final Words of Grave Importance

Each term, students are warned regarding the difficulty of class material, the need for continual and persistent effort, and the assumed accumulation of knowledge throughout the subject progression. Each term, students continually forsake these wise words, and attempt to cram for exams, plead with the subject coordinator for extended submission dates and leniency in the award of supplementary assessment tasks, such as supplementary exams. Students should be forewarned that they forsake wisdom at their own peril. The current subject coordinator is notoriously intransigent with regard to students who do not make sincere effort throughout the entire course. This subject builds each week upon material presented in previous sections and students should accept the University guidelines as a minimum dedication to the learning requirement in this subject. Steady and focused dedication is needed to do well in this subject. Good luck.

Readings and Tutorial Questions

<table>
<thead>
<tr>
<th>Week</th>
<th>Week beginning</th>
<th>Text chapter readings</th>
<th>Tutorial Questions</th>
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<tbody>
<tr>
<td>1</td>
<td>21/07/2003</td>
<td>Chs. 1,2,3</td>
<td>Qs 3.1: 1-6; QS 3.2:1-6 PS 3:1-9</td>
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<td>2</td>
<td>28/07/2003</td>
<td>Ch. 4</td>
<td>Qs 4.1: 2-7; PS 4: 5,6</td>
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<td>3</td>
<td>4/08/2003</td>
<td>Ch. 5</td>
<td>Qs 5.1:1-5; PS 5:3</td>
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<td>4</td>
<td>11/08/2003</td>
<td>Ch. 6</td>
<td>Qs 6.1:10-15; PS 6:1-7</td>
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<tr>
<td>5</td>
<td>18/08/2003</td>
<td>Ch. 7</td>
<td>Qs 7.1: 4-7; PS 7:3</td>
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<td>6</td>
<td>25/08/2003</td>
<td>Ch. 8</td>
<td>Qs 8.1:1-11; Qs 8,2: 1-5</td>
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<tr>
<td>7</td>
<td>1/09/2003</td>
<td>Ch. 9</td>
<td>Qs 9.1: 4-6; Qs 9,2:2</td>
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<tr>
<td>8</td>
<td>8/09/2003</td>
<td>Ch. 11</td>
<td>Qs 11.1:2,3; Ps 11:1-3 study hard, do your assignment</td>
</tr>
<tr>
<td>9</td>
<td>15/09/2003</td>
<td>Ch. 13</td>
<td></td>
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<tr>
<td></td>
<td>Break</td>
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<tr>
<td>10</td>
<td>6/10/2003</td>
<td>Ch. 14</td>
<td>Qs 13.1:2,4,6,11</td>
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<td>11</td>
<td>13/10/2003</td>
<td>Ch 17,18</td>
<td>Qs 14.1:1-5</td>
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<td>12</td>
<td>20/10/2003</td>
<td>Ch 20</td>
<td>Qs 17.1: 3-6,11 Qs 18.1:1</td>
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<tr>
<td>13</td>
<td>27/10/2003</td>
<td>Review and final exam</td>
<td>Qs 20.1: 1-3 and review</td>
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<td></td>
<td>10/11/2003</td>
<td>exams start</td>
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