



Course Outline

Accounting and Finance
School of Business & Economics

FNCE 3150 - **3.00** - Academic

Portfolio and Equity Analysis

Rationale

GET analysis has identified that this course meets the Critical Thinking and Investigation ILO criteria. See attached foci tool and notes under Educational Objectives/Outcomes.

Calendar Description

Students examine the different types of financial assets, the markets in which they trade, and how investors structure these assets into diversified portfolios to meet their financial objectives. Emphasis is placed on the valuation of equity securities. Topics include an introduction to risk and return; types of securities and the investment process; mutual funds; stock market and common stock valuation; stock price behaviour, market efficiency, and behavioral finance; technical analysis; fundamental analysis; return, risk and security market line; and portfolio management and performance evaluation.

Credits/Hours

Course Has Variable Hours: No

Credits: 3.00

Lecture Hours: 3.00

Seminar Hours: 0

Lab Hours: 0

Other Hours: 0

Clarify:

Total Hours: 3.00

Delivery Methods: (Face to Face)

Impact on Courses/Programs/Departments: No change

Repeat Types: A - Once for credit (default)

Grading Methods: (S - Academic, Career Tech, UPrep)

Educational Objectives/Outcomes

1. Evaluate the effect of risk and diversification on investment decisions.
2. Discuss the characteristics of the various types of investments and the ways in which they are sold.
3. Defend the use of mutual funds versus investing in individual assets.

4. Explain the functioning of financial markets and their role in pricing investments.
5. Compare the efficient market hypothesis with behavioral finance.
6. Value equities using fundamental analysis and technical analysis.
7. Analyze a company's prospects in relation to its industry and peers.
8. Use the Capital Asset Pricing Model and Asset Pricing Theory to estimate investment returns.
9. Develop a portfolio management plan reflecting the goals, risk tolerance, and circumstances of individual and institutional investors.
10. This course meets the Critical Thinking & Investigation criteria. See attached foci tool demonstrating the match.

Prerequisites

FNCE 2120-Financial Management or equivalent with a minimum C+
ECON 2330-Economics and Business Statistics 2 or equivalent with a minimum C-

Co-Requisites

Recommended Requisites

Exclusion Requisites

FNCE 3151-Portfolio and Equity Analysis

BBUS 3150-Investments 1

BBUS 3151-Investments 1

Texts/Materials

Textbooks

1. **Required** Jordan, Miller & Yuce. *Fundamentals of Investments: Valuation and Management*, 3rd Canadian ed. McGraw-Hill Ryerson

Student Evaluation

The Course grade is based on the following course evaluations.

Tests/quizzes 30-50%

Case studies/research projects/assignments 10-30%

Final exam 30-50%

Students must pass the exam to pass the course.

Course Topics

1. Introduction to Risk and Return, Diversification and Asset Allocation

- A brief history of risk and return
- Average returns and return variability
- Risk-return tradeoff
- Expected returns and variances
- Portfolios
- Diversification and portfolio risk
- Markowitz efficient frontier

2. Types of Securities and the Investment Process

- Security Types
- Interest bearing assets
- Equities
- Derivatives
- The Investment Process
- Brokerage accounts
- Margin trading and short sales

3. Mutual Funds

- Investment companies and fund types
- Mutual fund operations
- Costs and fees
- Fund performance
- Closed-end, ETF and hedge funds

4. Stock Market and Common Stock Valuation

- The Stock Market
- Primary and secondary markets, third and fourth markets
- New York and Toronto stock exchanges
- Third and fourth markets
- Market Indexes Calculation
 - of value
 - Construction
 - Uses
 - Types: equity, fixed-income, alternative investments
- Common Stock Valuation Dividend
 - discount model
 - Free Cash Flow Models
 - Residual income model
- Price ratio analysis

5. Stock Price Behavior, Market Efficiency, and Behavioral Finance

- Concept of efficiency
- Types of efficiency
- Implications of market efficiency
- Efficiency and performance
- Bubbles and crashes

6. Technical Analysis

- Definition and scope
- Technical analysis tools
- Dow Theory
- Elliott Waves
- Charting
- Support and Resistance levels
- Other technical indicators

6. Fundamental Analysis

- Sources of financial information
- Top-down and bottom-up analysis
- Global macroeconomic activity
- Industry analysis
- Company analysis

7. Return, Risk, and Security Market Line

- Efficient frontier and Capital Asset Line
- Systematic and non-systematic risks
- Beta and the Security Market Line
- Multi-factor models

8. Portfolio Management and Performance Evaluation

- Investor objectives, constraints and strategies
- Active and passive portfolio management
- Performance evaluations
- Risk Management

Methods for Prior Learning Assessment and Recognition

As per TRU Policy.

Last Action Taken

Implement by Submission Preview Subcommittee Chair Shelley Church