

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

COURSE OUTLINE

COURSE NAME Security Analysis

COURSE NUMBER FMGT 3610

DATE September 1994

Prepared by R.J. Dolan

Taught to Second Year

School Business

School Business

Program Financial Management

Program Financial Management

Date Prepared August, 1994

Option Finance

Term 3 Hrs/Wk 4 Credits _____

No. of Weeks 15 Total Hours 60

Instructor(s) R.J. Dolan Office SE6-339 Local 451-6757

Office Hours To be announced.

PREREQUISITES

First Year Financial Management - BCIT or equivalent.

COURSE OBJECTIVES

(Upon successful completion of this course, the student will be able to:)

1. Describe the nature and purpose of equity investment, its risks and rewards.
2. Understand the exchanges function of stock markets and the techniques for executing trades.
3. Identify the sources of investment information used by investors.
4. Understand the process by which the common shares of a company are valued.
5. Understand the correlation between stock prices and economic activity.
6. Comprehend the business cycle and its components and understand how these various elements move relative to one another.
7. Understand and compute the value of corporate equity based upon the notion of intrinsic value.
8. Forecast earnings per share of a company based upon an analysis of the present state of the economy, the current structure of the industry and the recent past of the company.
9. Comprehend the relationship between share prices and underlying earnings per share.
10. Understand the theory of technical analysis.

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11. Apply the concepts of technical analysis to the valuation of an individual company's shares and appreciate the timing enhancement which results.
 12. Describe the nature of fixed income securities.
 13. Appreciate the impact of various features on the value of fixed income securities.
 14. Judge the investment attractiveness of fixed income securities including an understanding of the rating agencies.
 15. Explain the advantages and disadvantages of mutual funds as alternative forms of
 16. Identify the practical considerations necessary in the construction of a personal portfolio.
 17. Explain the impact of tax on various forms of investment income.
 18. Define the role and objectives of the Investment Dealer's Association.
 19. Identify the major forms of legislation designed to protect the investor and ensure high levels of ethical standards within the securities industry.
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EVALUATION

| | | |
|-------------------|-------------------|---|
| Final Examination | <u>40</u> | % |
| Mid-Term | <u>30</u> | % |
| Projects | <u>15</u> | % |
| Laboratory | <u>15</u> | % |
| Other (1) | <u> </u> | % |
| (2) | <u> </u> | % |
| (3) | <u> </u> | % |

REQUIRED TEXT(S) AND EQUIPMENT

"The Canadian Securities Course", The Canadian Securities Institute.

REFERENCE TEXTS AND RECOMMENDED EQUIPMENT

COURSE SUMMARY

This course teaches the students the fundamentals of investing in common shares. This includes a study of the nature and function of the stock market, the theoretical framework necessary to value common shares, an identification of the sources of those values, and sources of information.

COURSE OUTLINE
(continued)

| Week Lecture or Lab Number | Material Covered | Reference |
|----------------------------------|--|----------------|
| 1 | Introduction | Chapter 1 |
| 2 | Suppliers and users of investment capital <u>and</u> the Canadian Securities Industry. | Chapter 2, 3 |
| 3 | Basics of incorporation <u>and</u> government bonds and debentures. | Chapter 4, 7 |
| 4 | Corporate bonds and debentures | Chapter 8 |
| 5 | Secondary bond market <u>and</u> judging investment quality | Chapter 9, 10 |
| 6 | Preferred shares | Chapter 11 |
| 7 | Mid-Term Exam | Chapters 1-10 |
| 8 | Common stocks | Chapter 12 |
| 9 | Factors affecting security prices <u>and</u> the Investment Dealer's Association | Chapter 13, 14 |
| 10 | Stock exchanges in Canada <u>and</u> buying and selling equities | Chapter 15, 16 |
| 11 | Buying and selling equities <u>and</u> Canadian Tax Law | Chapter 16, 17 |
| 12 | Canadian mining and oil securities and special types of securities | Chapter 18, 19 |
| 13 | Investment portfolios <u>and</u> investor protection | Chapter 20, 21 |
| 14 | Review | |
| 15 | Final Exam | |