



A POLYTECHNIC INSTITUTION

School of Business

Program: Financial Management

Option:

FMGT 4620
Security Fundamentals

Start Date: January, 2005

End Date: March, 2005

Total Hours: 30 **Total Weeks:** 10

Term/Level: 4A **Course Credits:** 2.5

Hours/Week: 3 **Lecture:** 2 **Lab:** 1

Shop: **Seminar:** **Other:**

Prerequisites

FMGT 4620 is a Prerequisite for:

Course No. Course Name

Course No. Course Name

FMGT 2100 or
FMGT 2105

Course Description

This course is designed to convey the nature and function of capital markets, the important features of the instruments which trade in these markets and the factors which contribute to the value of securities. A discussion of derivative instruments and mutual funds will conclude the course.

Course Learning Outcomes

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

- Discuss the structure of capital markets and their function within the Canadian economy.
- Describe the purpose of investments and appreciate their risks and rewards.
- Explain the workings and mechanics of a stock exchange.
- Identify sources of information on the performance of publicly traded companies.
- Contrast the nature of marketable securities and the factors which influence their price.
- Discuss the various methods employed to evaluate the worth of a marketable security.
- Describe the nature of derivatives markets and describe the principal options.
- Describe the nature of mutual funds in terms of their advantages, disadvantages and performance.

Evaluation

| | |
|-----------------------------|-------------|
| Mid Term Exam | 35% |
| Final Exam | 40% |
| Assignment and Presentation | 15% |
| Participation | 10% |
| TOTAL | 100% |

Verification

I verify that the content of this course outline is current, accurate and complies with BCIT policy.

Instructor: Keith Lownie, Dipl.T., CA, CFP, CIM

December 15, 2004

I verify that this course outline has been reviewed.

Program Head – Accounting: Ralph Gioia, BA, CA

Date

I verify that this course outline complies with BCIT policy.

Associate Dean: Tim Edwards, Dipl. T, MBA, CMA

Date

Note: Should changes be required to the content of this course outline, students will be given reasonable notice.

Instructor

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Office Hrs.: Posted E-mail: Keith_Lownie@bcit.ca
Website: <http://keithlownie.pageout.net>

Learning Resources

Required: Lecture Notes (print from website: <http://keithlownie.pageout.net>)
Handouts (various articles – see attached list)
Virtual Stock Exchange (<http://www.virtualstockexchange.com>)

Information for Students

Assignments: Late assignments, lab reports or projects will **not** be accepted for marking. Assignments must be done on an individual basis unless otherwise specified by the instructor.

Makeup Tests, Exams or Quizzes: There will be **no** makeup tests, exams or quizzes. If you miss a test, exam or quiz, you will receive zero marks. Exceptions may be made for **documented** medical reasons or extenuating circumstances. In such a case, it is the responsibility of the student to inform the instructor **immediately**.

Ethics: BCIT assumes that all students attending the Institute will follow a high standard of ethics. Incidents of cheating or plagiarism may, therefore, result in a grade of zero for the assignment, quiz, test, exam, or project for all parties involved and/or expulsion from the course.

Attendance: The attendance policy as outlined in the current BCIT Calendar will be enforced. Attendance will be taken at the beginning of each session. Students not present at that time will be recorded as absent.

Illness: A doctor's note is required for any illness causing you to miss assignments, quizzes, tests, projects, or exam. At the discretion of the instructor, you may complete the work missed or have the work prorated.

Attempts: Students must successfully complete a course within a maximum of three attempts at the course. Students with two attempts in a single course will be allowed to repeat the course only upon special written permission from the Associate Dean. Students who have not successfully completed a course within three attempts will not be eligible to graduate from the appropriate program.

Course Outline Changes: The material or schedule specified in this course outline may be changed by the instructor. If changes are required, they will be announced in class.

Lecture Notes and other Information: Lecture will be posted in advance of the lecture and will be available through the instructor's own website at <http://keithlownie.pageout.net> under FMGT 4620. The notes DO NOT replace attendance at lectures. They are meant to be a complement to lectures. There may also be, from time to time, other information sources on the share out directory that will be required reading.

FMGT 4620 Course Schedule

(This course schedule is subject to change at the discretion of the Instructor.)

| Week # / Week Beginning | Topic Covered (See reading article list attached) |
|------------------------------------|---|
| 1 Jan. 3 | Introduction to Capital Markets |
| 2 Jan. 10 | Corporate Financing (and Prospectuses) Virtual Stock Exchange Game |
| 3 Jan. 17 | Fixed Income Securities – Bonds |
| 4 Jan. 24 | Fixed Income Securities – Bonds cont'd Midterm Review |
| 5 Jan. 31 | Midterm exam (1 hour) |
| 6 Feb. 7 | Debrief Midterm Equities – Preferred Stock |
| 7 Feb. 14 | Equities – Common Stock |
| 8 Feb. 21 | Equities – Common Stock cont'd Derivatives |
| 9 Feb. 21 | Mutual Funds |
| 10 Feb. 28 | Virtual Stock Group Presentations Final Exam Review |
| 11 Mar. 7/05 | FMGT 4620 Final Exam (2 hours) |

FMGT 4620 Required Article Reading (subject to change)

Introduction to Capital Markets (Week 1 and 2)

- “Play the Markets”, Financial Post, Nov. 11, 2002
- “Where stocks and bonds come from”, Financial Post, Nov 11, 2002
- “Why have a middleman”, Financial Post, Nov. 11, 2002
- “Daily trades take place in secondary market”, Financial Post, Nov. 11, 2002
- “The ins and outs of IPOs”, Financial Post, Nov. 11, 2002

Fixed Income Securities – Bonds (Week 3 and 4)

- “Another way to borrow a lot of money”, Financial Post, Nov. 25, 2002
- “Bonds, just bonds”, Financial Post, Nov. 25, 2002
- “Select the features that work best for you”, Financial Post, Nov. 25, 2002
- “What goes into setting the price you pay”, Financial Post, Nov. 25, 2002
- “Compound interest’s magic”, Financial Post, Nov. 25, 2002
- “Here’s another way to raise money”, Financial Post, Nov. 25, 2002

Equities – Preferred Stock (Week 6)

- “Are they debt or equity”, Financial Post, Dec. 2, 2002
- “The preferreds you choose will depend on your strategy”, Financial Post, Dec. 2, 2002
- “Getting to win-win”, Financial Post, Dec. 2, 2002

Equities – Common Stock (Week 7)

- “Stocks give you equity in a company, but you also share the risks”, Financial Post, Dec. 2, 2002
- “Why buy a stock in the first place?”, Financial Post, Dec. 2, 2002
- “The basics of buying stocks”, Financial Post, Dec. 16, 2002
- “Is it the tortoise or the hare?”, Financial Post, Dec. 2, 2002
- “The thrills and chills of selling short”, Financial Post, Dec. 16, 2002

Derivatives (Week 8)

- “The third way”, Financial Post, Dec. 9, 2002
- “Rule No. 1: Know your limitations”, Financial Post, Dec. 9, 2002
- “Options have best-before dates”, Financial Post, Dec. 9, 2002
- “Bearish, Bullish? Or neutral?”, Financial Post, Dec. 9, 2002
- “Getting time on your side”, Financial Post, Dec. 9, 2002
- “Derivative products give you investment flexibility, but buy them with care”, Financial Post, Dec. 9, 2002
- “Another way companies can raise money”, Financial Post, Dec. 2, 2002

Mutual Funds (Week 9)

- “You don’t have to be wealthy to own shares in a large number of companies”, Financial Post, Nov. 18, 2002
- “Funds give investors automatic diversification”, Financial Post, Nov. 18, 2002
- “Management expenses take their toll”, Financial Post, Nov. 18, 2002
- “Mutual funds have exchange-traded cousins”, Financial Post, Nov. 18, 2002
- “Segregated funds: a great idea for some people”, Financial Post, Nov. 18, 2002
- “A package deal for investors”, Financial Post, Nov. 18, 2002
- “Be aware of tax issues”, Financial Post, Nov. 18, 2002