



MODULE SPECIFICATION

Code: UMACRJ-15-M **Title:** Financial Instruments **Version:** 1

Level: M **UWE credit rating:** 15 **ECTS credit rating:** 7.5

Module type: Standard

Owning Faculty: FBL **Field:** Accounting and Finance

Valid from: 1 September 2008 **Discontinued from:**

Contributes towards: MSc Finance

Pre-requisites: None

Co-requisites: None

Excluded combinations: None

Aim of module

- The aim of the module is to provide students with an overview of the valuation of competing financial instruments and an introduction to how they might be combined in portfolios
- The module explains the nature and operation of a range of financial instruments as explores competing techniques for their valuation
- The module enables students to appreciate the international financial context within which financial instruments are employed

Learning outcomes

On successful completion of this module students will be able to:

- Understand the institutional context of investment (A)
- Understand the nature of each financial instrument from a theoretical perspective (A)
- Value each instrument and appreciate its risk by means of a range of tools (A and B)
- Compare and contrast competing valuation techniques (A and B)
- Engage in the basic macroeconomic, industry and company analysis of equities (A and B)
- Understand the relationship between risk and return (A and B)
- Combine assets in a basic approach to portfolio management (A and B)
- Appreciate the institutional context of financial instruments (A)

In addition the educational experience may explore, develop, and practise but not formally discretely assess the following:

- Computer spreadsheet skills

Syllabus outline

- An introduction to international financial markets
- The macroeconomics of financial markets
- The time value of money and risk and the risk/return trade-off
- Asset allocation and management
- Stock market, industry and company analysis
- Equity instruments and valuation
- Money market instruments
- The term structure, fixed income instruments and valuation

- Forwards, futures, and options
- Swaps, convertibles and hybrids
- Investment in property and other asset classes

Teaching and learning methods

The aim of the module is to provide students with an overview of the valuation of competing financial instruments and an introduction to how they might be combined in portfolios. The module reviews theoretical models of valuation and considers how they might be applied in a real world context. Real-life, practical examples will be introduced to help engage the students in investment analysis decisions.

Students will be encouraged to produce sensible valuations by selecting from competing instrument valuation techniques. Lectures will be underpinned with hand-outs for all the material covered. Students will be confronted with a series of practical exercises which will not only enable them to build up a range of valuation and other analytical techniques, but will enable them to place investment decisions within their institutional context. Students will be actively encouraged to make themselves familiar with the study skills web pages and in particular to read widely around the subject matter. Active use will be made of the Blackboard facilities.

Reading Strategy:

Students will be encouraged to make full use of the print and electronic resources available to them through membership of the University. These include a range of electronic journals and a wide variety of resources available through web sites and information gateways. The University Library's web pages provide access to subject relevant resources and services, and to the library catalogue. Many resources can be accessed remotely. Students will be presented with opportunities within the curriculum to develop their information retrieval and evaluation skills in order to identify such resources effectively.

The core text will be Jones, C P, 2007, "Investments", (10th Edition), Wiley. Subject to confirmation in Module handbook. Students will be expected to purchase the core text.

The textbook will be supplemented from time to time with specific references to articles in academic and professional journals such as *European Journal of Finance*, *Journal of Finance*, and the *Journal of Portfolio Management*.

Students will be expected to utilise a range of reading and other materials to undertake further independent research to extend their familiarity and appreciation of the subject and to help them prepare for the in-course assessment and examination in this module. To this end, extensive use will be made of Blackboard, additionally, students will also be encouraged to utilise the study skills web pages

Indicative sources:

Jones, C P, "Investments", 2007, (10th Edition), Wiley.

Reilly, F K and Brown, K C, 2006, "Investment Analysis and Portfolio Management", (8th Edition), South-Western College Publishing.

Reilly, F K and Norton, E A, 2006, "Investments", (7th Edition), Thomson South Western.

Solnik, B, 2003 "International Investments: International Edition", (5th Edition), Addison-Wesley.

Assessment

- The module will be assessed by means of an unseen written exam (70%) and a written coursework assessment (30%). Both forms of assessment address the knowledge and understanding learning outcomes; the coursework develops and assesses a range of learning outcomes but with particular emphasis on the transferable skills, while the examination emphasizes, in particular, the cognitive and subject specific skills.
- Non-assessed formative feedback will be provided on group work assignments and individual practical problems that students will be expected to attempt most weeks.
- The assessment criteria for the coursework assignment (and how they relate to the stated learning outcomes) will be communicated to students when they are notified of the topic. The criteria for assessment of the examination scripts will be documented and agreed with the External Examiner.

Percentage split
Weighting between components A and B

A: 70% B:30%

ATTEMPT 1

First Assessment Opportunity

Component A

Description of each element

1 Written exam (2 hours)

Element weighting
100%

Component B

Description of each element

1 Coursework individual assignment (1,500 words)

Element weighting
100%

Second Assessment Opportunity (further attendance at taught classes is not required)

Component A

Description of each element

1 Written exam (2 hours)

Element weighting
100%

Component B

Description of each element

1 Coursework individual assignment (1,500 words)

Element weighting
100%

ATTEMPT 2 (OR SUBSEQUENT): Attendance at taught classes is required