**FINM7006**

**Applied Foundations of Finance**

This course is designed to familiarise students with the components of the financial system as well as to introduce them to the three basic ideas underpinning finance: the time value of money; diversification; and, arbitrage. The aim of the course is to provide students with introductory exposure to financial transactions, institutions and markets including money markets, stock markets, foreign exchange, derivative markets and contracts. It provides students with a solid foundation for later studies in finance.

<table>
<thead>
<tr>
<th>Mode of Delivery</th>
<th>On Campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prerequisites</td>
<td>N/A</td>
</tr>
<tr>
<td>Incompatible Courses</td>
<td>FINM1001 (Foundations of Finance Undergraduate)</td>
</tr>
<tr>
<td>Course Convener/Lecturer:</td>
<td>Dr Jenni Bettman</td>
</tr>
<tr>
<td>Phone:</td>
<td>6125 1080 (x51080 on campus)</td>
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<td>Email:</td>
<td><a href="mailto:jenni.bettman@anu.edu.au">jenni.bettman@anu.edu.au</a></td>
</tr>
<tr>
<td>Office hours for student consultation:</td>
<td>Tuesday 9am – 11am Office 3.06 (CBE Building)</td>
</tr>
<tr>
<td>Research Interests</td>
<td>Market Anomalies, Market Efficiency, Behavioural Finance</td>
</tr>
<tr>
<td>Relevant administrator if any (optional)</td>
<td>Maria Lander</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:maria.lander@anu.edu.au">maria.lander@anu.edu.au</a></td>
</tr>
</tbody>
</table>

**SEMESTER 2**

**2017**
COURSE OVERVIEW

Learning Outcomes
On satisfying the requirements for this course, students will have the knowledge and skills to:

- Understand financial transactions, institutions and markets, including money markets, stock markets, foreign exchange, derivatives markets and contracts.
- Understand the ideas behind the time value of money and be able to calculate the value of cash flows relating to a number of financial instruments.
- Understand the concept of diversification, including the risk and return relationship and have the ability to calculate optimal weights for a portfolio comprising of two financial assets.
- Understand concepts of arbitrage, and utilise derivatives for risk management purposes.

Assessment Summary

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Value</th>
<th>Due Date</th>
<th>Date for Return of Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In-Tutorial Quizzes</td>
<td>15%</td>
<td>See Weekly Schedule</td>
<td>Tutorial after the quiz</td>
</tr>
<tr>
<td>2. Mid-Semester Examination</td>
<td>25% (or 0% if not attempted/redeemed)</td>
<td>TBA</td>
<td>TBA</td>
</tr>
<tr>
<td>3. Final Examination</td>
<td>60% (or 85% if Mid-Semester not included)</td>
<td>TBA</td>
<td>TBA</td>
</tr>
</tbody>
</table>

Research-Led Teaching
Students undertaking this course will be taught fundamental skills in Finance that will be applied to many real life applications. Students will also be shown how these techniques are applied to research today.

Feedback

Staff Feedback
Students will be given feedback in the following forms in this course:

- Written and verbal feedback will be addressed to:
  - The whole class; and.
  - To individuals.

Student Feedback
ANU is committed to the demonstration of educational excellence and regularly seeks feedback from students. One of the key formal ways students have to provide feedback is through Student Experience of Learning Support (SELS) surveys. The feedback given in these surveys is anonymous and provides the Colleges, University Education Committee and Academic Board with opportunities to recognise excellent teaching, and opportunities for improvement.

For more information on student surveys at ANU and reports on the feedback provided on ANU courses, go to

http://unistats.anu.edu.au/surveys/selt/students/ and
http://unistats.anu.edu.au/surveys/selt/results/learning/
Policies
ANU has educational policies, procedures and guidelines, which are designed to ensure that staff and students are aware of the University’s academic standards, and implement them. You can find the University’s education policies and an explanatory glossary at: http://policies.anu.edu.au/

Students are expected to have read the Academic Misconduct Rule before the commencement of their course.

Other key policies include:

- Student Assessment (Coursework)
- Student Surveys and Evaluations

Additional course costs
The only additional course costs are a non-programmable scientific calculator (not a financial calculator!), textbook and printing materials.

Examination material or equipment
The only permitted materials in the examination are a calculator (scientific, non-programmable and not a financial calculator), dictionary (which will be checked at the examination), pen and ruler.

Reading Lists
Prescribed Texts and Reference Materials


Communication
It is preferable to contact the lecturer via email (jenni.bettman@anu.edu.au)

Email
If necessary, the lecturers and tutors for this course will contact students on their official ANU student email address. Information about your enrolment and fees from the Registrar and Student Services’ office will also be sent to this email address.

Announcements
Students are expected to check the Wattle site for announcements about this course, e.g. changes to timetables or notifications of cancellations. Notifications of emergency cancellations of lectures or tutorials will be posted on the door of the relevant room.
## COURSE SCHEDULE

<table>
<thead>
<tr>
<th>Week/Session</th>
<th>Topic Activities</th>
<th>Student Preparation</th>
<th>Assessment Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wk 1 24 Jul</td>
<td>Lecture 1</td>
<td>Titman et al: Ch. 2 &amp; 5, pp. 610-613.</td>
<td>Tutorial Questions 1</td>
</tr>
<tr>
<td>Wk 2 31 Jul</td>
<td>Lecture 2, Tutorial 1</td>
<td>Titman et al: Ch. 5 &amp; 6.</td>
<td>Tutorial Questions 1</td>
</tr>
<tr>
<td>Wk 3 7 Aug</td>
<td>Lecture 3, Tutorial 2</td>
<td>Titman et al: pp. 4-11, Ch. 9 (until p. 281) &amp; Ch. 10 (pp.301-308 &amp; 315 to end of the chapter).</td>
<td>Tutorial Questions 2 Quiz 1</td>
</tr>
<tr>
<td>Wk 5 21 Aug</td>
<td>Lecture 5, Tutorial 4</td>
<td>Titman et al: Ch. 7 &amp; pp. 223-233.</td>
<td>Tutorial Questions 4 Quiz 2</td>
</tr>
</tbody>
</table>

### 4 September – 15 September 2017 Non-Teaching Period

<table>
<thead>
<tr>
<th>Week/Session</th>
<th>Topic Activities</th>
<th>Student Preparation</th>
<th>Assessment Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wk 7 18 Sep</td>
<td>Lecture 7, Tutorial 6</td>
<td>Titman et al: Ch. 14 (up to pp. 469).</td>
<td>Tutorial Questions 6 Quiz 4</td>
</tr>
<tr>
<td>Wk 8 25 Sep*</td>
<td>Lecture 8, Tutorial 7</td>
<td>Titman et al: Ch. 8-11</td>
<td>Tutorial Questions 7</td>
</tr>
<tr>
<td>Wk 9 2 Oct*</td>
<td>Lecture 9, Tutorial 8</td>
<td>Titman et al: Ch. 20.</td>
<td>Tutorial Questions 8</td>
</tr>
<tr>
<td>Wk 10 9 Oct</td>
<td>Lecture 10, Tutorial 9</td>
<td>Titman et al: Ch. 20.</td>
<td>Tutorial Questions 9 Quiz 5</td>
</tr>
<tr>
<td>Wk 11 16 Oct</td>
<td>Lecture 11, Tutorial 10</td>
<td></td>
<td>Tutorial Questions 10 Quiz 6</td>
</tr>
<tr>
<td>Wk 12 23 Oct</td>
<td>Lecture 12, Tutorial 11</td>
<td>Titman et al: Ch. 12</td>
<td>Tutorial Questions 11</td>
</tr>
</tbody>
</table>

* denotes a public holiday. Week 8 on Monday is Family and Community Day; and, Week 9 on Monday is Labour Day. This will not affect lectures and/or workshops but may impact on tutorials. This will be discussed in lectures.
ASSESSMENT REQUIREMENTS

Assessment Tasks

Assessment Task 1: In-Tutorial Quizzes

Details of task:

- 6 quizzes will be held within tutorials on the weeks specified on page 4 of this outline.
- The quizzes will be 10 – 15 minutes in duration, at the end of the tutorial.
- Students are required to prepare worked solutions to tutorial questions, bring these solutions to tutorials, and be prepared to participate in tutorial discussions.
- Students will be required to sit 6 in-tutorial quizzes throughout the semester.
- **Students MUST sit the quiz in the tutorial they are enrolled in; otherwise the quiz will not count.**
- These quizzes will be run according to the schedule on page 4 (unless otherwise stated by the lecturer).
- The content for the quizzes will be limited to the required material for the tutorial in which it’s held.
- Students’ best 5 marks will count towards 15% of their overall course grade.
- Students should receive their quizzes back one week after the quiz is held.

Assessment Task 2: Mid-Semester Exam

Details of task:

- This exam is optional and redeemable for students.
- It is a closed book exam, with no formula sheet provided.
- The questions will be a mixture of theory and practical questions.
- Students will need to review and revise all material covered in lectures 1 to 4, inclusive, and corresponding tutorials.
- The mid-semester exam will count either 0% or 25% to a student’s overall course grade.
- **Please Note: There will be no special examinations for the mid-semester exam. Instead the weighting will be moved to the final exam.**
- More details regarding the exam will be provided as the exam approaches.

Final Examination

The final examination will be based on all the work covered throughout the duration of the semester. The final examination is worth 60% (or 85% if the exam is redeemed) of the overall course grade. The exam will include a mixture of theoretical and numerical questions. Students will be provided with further details regarding the exam as it approaches.
Information Regarding Assessment

As a further academic integrity control, students may be selected for a 15 minute individual oral examination of their written assessment submissions.

Any student identified, either during the current semester or in retrospect, as having used ghost writing services will be investigated under the University’s Academic Misconduct Rule.

Scaling

Your final mark for the course will be based on the raw marks allocated for each of your assessment items. However, your final mark may not be the same number as produced by that formula, as marks may be scaled. Any scaling applied will preserve the rank order of raw marks (i.e. if your raw mark exceeds that of another student, then your scaled mark will exceed the scaled mark of that student), and may be either up or down.

Privacy Notice

The ANU has made a number of third party, online, databases available for students to use. Use of each online database is conditional on student end users first agreeing to the database licensor’s terms of service and/or privacy policy. Students should read these carefully.

In some cases student end users will be required to register an account with the database licensor and submit personal information, including their: first name; last name; ANU email address; and other information.

In cases where student end users are asked to submit ‘content’ to a database, such as an assignment or short answers, the database licensor may only use the student’s ‘content’ in accordance with the terms of service – including any (copyright) licence the student grants to the database licensor.

Any personal information or content a student submits may be stored by the licensor, potentially offshore, and will be used to process the database service in accordance with the licensors terms of service and/or privacy policy.

If any student chooses not to agree to the database licensor’s terms of service or privacy policy, the student will not be able to access and use the database. In these circumstances students should contact their lecturer to enquire about alternative arrangements that are available.

Tutorial Seminar Registration

Tutorial signup for this course will be done via the Wattle website. Detailed information about signup times will be provided on Wattle or during your first lecture. When tutorials are available for enrolment, follow these steps:

1. Log on to Wattle, and go to the course site
2. Click on the link “Tutorial enrolment”
3. On the right of the screen, click on the tab “Become Member of.....” for the tutorial class you wish to enter
4. Confirm your choice
If you need to change your enrolment, you will be able to do so by clicking on the tab “Leave group….” and then re-enrol in another group. You will not be able to enrol in groups that have reached their maximum number. Please note that enrolment in ISIS must be finalised for you to have access to Wattle.

**SUPPORT FOR STUDENTS**

The University offers a number of support services for students. Information on these is available online from [http://students.anu.edu.au/studentlife/](http://students.anu.edu.au/studentlife/)