



# FIN203 Fundamentals of Equity Markets



# Subject outline

## FIN203 Fundamentals of Equity Markets

### Section 1 — General information

#### 1.1 Administrative details

Associated higher education awards	Duration	Credit points	Level
Graduate Certificate in Applied Finance Graduate Diploma of Applied Finance Master of Applied Finance	One study period (12 weeks)	6	AQF8

#### 1.2 Core or elective subject

This is an elective subject for the Graduate Certificate in Applied Finance, Graduate Diploma of Applied Finance and Master of Applied Finance.

#### 1.3 Delivery mode

This subject is delivered online.

#### 1.4 Prerequisites

There are no prerequisites for this subject. However please review the 'Assumed knowledge' section below to understand the prior knowledge Kaplan advises you should hold before enrolling in this subject.

#### 1.5 Assumed knowledge

Whilst there are no prerequisites for this subject, Kaplan assumes that students have completed FIN201 Quantitative Applications in Finance or understand the content covered in this subject, prior to undertaking FIN203 Fundamentals of Equity Markets.

#### 1.6 Course transition subject equivalence

Students may not be required to complete this subject if they have transitioned from a SIA/Finsia/Kaplan course and have completed the following subjects:

- there are no equivalences for this subject.



### **1.7 Work integrated learning**

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There are no placements, internships or work experience requirements associated with undertaking this subject.

### **1.8 Other resource requirements**

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Students do not require access to specialist facilities and/or equipment to undertake this subject.

## Section 2 — Academic details

### 2.1 Subject overview

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This subject focuses on the sharemarket and equity as an asset class, including discussing how shares are traded and examining the sectors of the Australian sharemarket including industrial, resources and mid-small capitalised companies. Students discuss the viability of shares as an investment, including analysing the economic factors that influence equity markets. They also conduct independent sharemarket research to then formulate investment recommendations to buy, hold or sell shares in given case-study companies. In addition, a fundamental overview of other products traded on the Australian Securities Exchange (ASX) and equity derivatives is provided.

### 2.2 Subject learning outcomes

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On successful completion of this subject, students should be able to:

1. Explain the structure and operation of global equity markets.
2. Explain how shares are traded on the Australian Securities Exchange (ASX).
3. Analyse key sectors within the Australian equities market including industrial, resources and mid-small capitalised companies.
4. Evaluate the economic factors that influence the sharemarket.
5. Formulate an investment recommendation based on the analysis of a listed company's operational and financial performance.
6. Assess sharemarket information including brokers reports, market indices and economic research and integrate into an investment decision.
7. Analyse other types of ASX-traded products and equity derivatives.

### 2.3 Topic learning outcomes

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#### Topic 1: Introduction to the sharemarket

On successful completion of this topic, students should be able to:

- explain the characteristics of the equity asset class
- explain the techniques for raising equity capital
- compare the primary and secondary market for equities
- examine the Australian sharemarket in a global context
- analyse significant historical sharemarket events.

## Topic 2: Classifying listed companies and indices

On successful completion of this topic, students should be able to:

- explain the different ways of classifying the Australian sharemarket
- explain different types of global classification structures
- compare the different factors that need to be considered when analysing companies across different sectors
- explain and examine how indexes are constructed and how they are used.

## Topic 3: Commodity companies

On successful completion of this topic, students should be able to:

- examine the global commodities industry
- explain the different types of listed resource companies
- analyse the resource sectors contribution to the Australian economy
- evaluate how value is created in the resources industry
- evaluate how value is created in the soft agriculture industry
- analyse the relationship between the underlying commodity price and share price.

## Topic 4: Mid-small cap companies

On successful completion of this topic, students should be able to:

- define mid to smallcap companies
- analyse the role mid to smallcap companies play in a portfolio
- analyse the risks involved in investing in mid to smallcap companies
- evaluate when to invest in mid to smallcap companies.

## Topic 5: Sharemarket trading

On successful completion of this topic, students should be able to:

- explain the trading systems available in Australia
- explain how equities are traded and settled through the Australian Securities Exchange
- explain the regulation of the Australian equity market
- analyse current issues and emerging trends around sharemarket trading.

## Topic 6: Economic factors influencing sharemarkets

On successful completion of this topic, students should be able to:

- apply supply and demand theory to sharemarkets
- explain the impact of macroeconomic factors on sharemarkets
- analyse the interrelationship of economic fundamentals
- explain the impact of market sentiment on sharemarkets.

### Topic 7: Investing in shares

On successful completion of this topic, students should be able to:

- analyse the risks and returns from investing in shares
- explain various investment styles
- evaluate a company's performance using the results of financial ratios
- assess a company's earnings quality
- recommend an equity investment.

### Topic 8: Sharemarket research

On successful completion of this topic, students should be able to:

- explain the importance of investment research
- evaluate the variety of research available
- explain the different types of equity analysts
- explain the role of an equity analyst
- evaluate the components of an analyst's report
- evaluate the source of research
- recognise the factors that contribute to forming an investment recommendation for a company.

### Topic 9: Other securities traded on the Australian Securities Exchange (ASX)

On successful completion of this topic, students should be able to:

- explain the different types of products traded through the ASX
- evaluate the differences between these products
- analyse why investors would use these products.

### Topic 10: Introduction to equity derivatives

On successful completion of this topic, students should be able to:

- describe the main types of equity derivatives and their uses
- compare exchange-traded equity derivatives with over-the-counter equity derivatives
- explain the relationship between equity derivatives and underlying equity securities
- assess basic equity derivative strategies.

## 2.4 Assessment schedule

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Assessment	Description	Week	Topics	Weighting	Subject learning outcomes assessed
Task	Short answer questions	Week 4	1–2	20%	LO1, LO3
Assignment 1	Short-answer response relating to a scenario-based assessment	Week 8	1–7	45%	LO1–LO5
Assignment 2	Short-answer and extended response in word format relating to a scenario-based assessment with a PowerPoint pack summarising the findings from the analysis of the scenario.	Week 12	8–10	35%	LO5–LO7

Please refer to our website <[www.kaplanprofessional.edu.au](http://www.kaplanprofessional.edu.au)> to review student policies relating to your assessment, including the *Kaplan Assessment Policy* and *Academic Integrity and Conduct Policy*.

## 2.5 Prescribed text

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There is no prescribed text for this subject. Students are provided with key readings and access to Kaplan’s online databases. Students are encouraged to research and read widely on the topic.

## 2.6 Study plan

Week(s)	Topic name	Study load in hours
1	Topic 1: Introduction to the sharemarket	6
2	Topic 2: Classifying listed companies and indices	7
3	Topic 3: Commodity companies	10
4	Topic 4: Mid-small cap companies <b>Task (Weighting 20%)</b>	10
5	Topic 5: Sharemarket trading	10
6	Topic 6: Economic factors influencing sharemarkets	10
7	Topic 7: Investing in shares	14
8	Topic 8: Sharemarket research <b>Assignment 1 (Weighting 45%)</b>	12
9	Topic 9: Other securities traded on the Australian Securities Exchange (ASX)	7
10	Topic 10: Introduction to equity derivatives	14
11–12	<b>Assignment 2 (Weighting 35%)</b>	20
<b>Total minimum study load</b>		<b>120 hours</b>

Additional study hours (if required), dependent on knowledge and personal commitments	50 hours
<b>Total study load, including additional study hours</b>	<b>170 hours</b>