

INVESTMENT MANAGEMENT

INSTITUTE FOR PROFESSIONAL AND EXECUTIVE DEVELOPMENT

United Kingdom

UNIT SPECIFICATION

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Unit Title

Investment Management

Credit value

The credit value for this unit is 30

30 credits equivalent to 300 hours of teaching and learning (10 hours is equivalent to 1 credit)

Guided learning hours (GLH) = 50 hours

GLH includes lectures, tutorials and supervised study. This may vary to suit the needs and requirements of the learner and/or the approved centre of study.

Directed learning = 50 hours: This includes advance reading and preparation, group study, and undertaking research tasks.

Self-managed learning = 200 hours: This includes completing assignments and working through the core and additional reading texts. It also includes personal research reading via other physical and/or electronic resources.



| Learning outcome | Assessment criteria |
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| Learner will: | Learner can: |
| 1.0 Understand the nature of investment in different contexts | 1.1 Explain what is meant by investment 1.1.1 Examine the nature of investment in terms of: - Economics - Business Management - Finance |
| 2.0 Understand key issues in financing a business | 2.1 Give an account on the two main factors that influence the selection of the most appropriate type of finance (i.e. cost and duration) 2.1.1 Examine the suitable forms of funding for different durations such as over 15 years, 5-15 years, under 5 years, under 1 year. 2.2 Analyse how a business may be funded through equity, bank borrowing or through the use of debt instruments 2.3 Give an account on the different types of funding with respect to their duration, cost, risk and purpose (e.g. ordinary shares, preference shares, options and warrants, debentures, bonds, convertibles, leasing, loans, factoring, overdrafts |
| 3.0 Understand the relationship between return on investment (ROI) and business success | 3.1 Explain what is meant return on investment (ROI) 3.2 Calculate and interpret the ROI of a company from relevant given information 3.3 Evaluate the impact of depreciation of fixed assets on the ROI 3.4 Discuss how the success of two companies within the same industry can be compared using the ROI 3.5 Explain what is meant by shareholder value and discuss how a |



| | company can increase its shareholder value |
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| 4.0 Understand the nature and significance of weighted average cost of capital (WACC) | 4.1 Explain what is meant by WACC and discuss its relevance 4.2 Calculate the WACC of a business from relevant given information such as market value of equity, return required for equity, market value of debt, return required for debt and the tax rate 4.3 Discuss the factors affecting the weighted average cost of capital (such as average performance of stock market, interest rate on risk free capital investment, central bank rate of market, income tax rate) |
| | 4.3.1 Examine the critical factors for management with respect to WACC (i.e. risk factor, credit rating, company specific risk premium, leverage) 4.4 Examine the relationship between WACC and debt to equity proportion (leverage) 4.5 Discuss the events that can change the debt/equity mix (e.g. profit generation, pension fund deficits, the use of convertibles and maturity ladders) |
| 5.0 Understand the use of the capital asset pricing model (CAPM) | 5.1 Explain the purpose of the capital asset pricing model 5.2 Examine the formula for calculating the required return using the CAPM 5.2.1 Describe the individual items in the CAPM formula 5.3 Calculate the required return (CAPM) using relevant given information |



| 6.0 Understand the nature of dividend policy | 6.1 Examine the purpose of a dividend policy 6.2 Examine the factors that must be considered before any decision on the payment of dividend is made (e.g. payment constraints, public perception, sustainability, investment requirements, WACC) |
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| 7.0 Understand key financial ratios of relevance to investors | 7.1 Evaluate the importance of financial statement analysis in investment decision making 7.2 Calculate and interpret the price earning ratio, earnings per share dividend yield, dividend cover, dividend pay-out ratio, market capitalization and return on equity |
| 8.0 Understand the nature and significance of investment appraisal | 8.1 Explain the meaning of investment appraisal and discuss its importance 8.2 Explore the contents of a business case and discuss their significance 8.3 Calculate and interpret simple and compound interest 8.4 Appraise investment projects using quantitative methods (such as payback period method, net present value, discounted payback method, internal rate of return) 8.4.1 Comment on the criteria for selecting or rejecting investment projects using respective quantitative methods 8.5 Evaluate the implication of taxation on investment decisions |



Recommended learning resources

| Indicative reading | Glen Arnold 2008; Corporate Financial Management 4th Edition. Prentice Hall ISBN: 978-0273725220 |
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| | For a full list of textbooks and publications relevant to this unit, please contact IPED - UK. |
| Learning Aid | A comprehensive IPED study material is available to aid in learning and research of this unit. We supply IPED course materials free of charge. Our study materials, which offer quick learning start, are comprehensive, use simple English, and are easy to read and understand. The contents are so sufficient and self-explanatory; that in majority of cases readers do not require further support; although support is always available when you need it. |

