

Tutorial Letter 101/3/2018

Investments: Derivatives INV3703

Semesters 1 & 2

Department of Finance, Risk Management & Banking

IMPORTANT INFORMATION

Please register on myUnisa, activate your myLife e-mail addresses and make sure that you have regular access to the myUnisa module website, INV3703-2018-S1/S2, as well as your group website.

Note: This is an online module and therefore it is available on myUnisa. However, in order to support you in your learning process, you will also receive some study material in printed format.

BARCODE

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1 INTRODUCTION

Dear Student

Welcome to the module, Investments: Derivatives. You have enrolled for an interesting yet challenging module. To succeed in this module, you will have to give at least 120 hours to reading, summarising and doing assignments.

Do not hesitate to contact us (on myUnisa, by e-mail or by telephone), if you experience problems with the content of this tutorial letter or any aspect of the module. We sincerely hope that you find this module as well as your online learning experience interesting and rewarding and trust that you will complete the module successfully.

Please provide Unisa with your cellphone number because important announcements may be sent to you by SMS. Also check your myLife e-mail address regularly for announcements.

Because this is a fully-online module, you need to use myUnisa to study and complete the learning activities for this course. Visit the website for INV3703 on myUnisa frequently. The code for your module is INV3703-18-S1/S2.

1.1 Getting started ...

Owing to the nature of this module, you can read about the module and find your study material online. Go to the website at <https://my.unisa.ac.za> and log in using your student number and password. You will see [INV3703-18-S1/S2] in the row of modules displayed in the orange blocks at the top of the webpage. Select the **More** tab if you cannot find the module you require in the orange blocks. Then click on the module you want to open.

You will receive this tutorial letter and a printed copy of the online study material for your module. While the printed material may appear different from the online study material, it is the same, as it has been copied from the myUnisa website.

We wish you much success in your studies!

2 OVERVIEW

2.1 Purpose

Students, who complete this module successfully, will be able to ...

- evaluate the basic derivative instruments;
- calculate the value of derivative contracts; and
- apply these instruments from both a foreign and domestic market perspective.

This module is delivered using myUnisa and the internet; peer group interaction is also included in some of the activities. Your lecturers will interact with you on myUnisa and via e-mail.

2.2 Outcomes

After completing the module, you should be able to do the following:

- Specific outcome 1: Understand the basic derivative markets and instruments
- Specific outcome 2: Analyse (price and value) forward contracts
- Specific outcome 3: Analyse (price and value) futures contracts
- Specific outcome 4: Analyse (price and value) option contracts
- Specific outcome 5: Analyse (price and value) swap contracts

3 LECTURERS AND CONTACT DETAILS

3.1 Lecturers

The primary lecturer for this module is:

Mr C Erasmus

erasmcf@unisa.ac.za

012 429 4949

The secondary lecturer for this module is:

Mr V Fick

fickv@unisa.ac.za

****Whenever you write to a lecturer, please include your student number to enable the lecturer to help you more effectively.**

3.2 Lecturers availability

The lecturer for this module will be available to take phone calls on academic matters and/or to attend to students who may prefer to visit personally for academic engagement. However, the days and times of lecturer's availability will be communicated in the module page on myUnisa. These days and times are subject to change from time to time in order to accommodate the lecturer's work schedule and other commitments. The changes on the days and times will be communicated by the lecturer in advance through the announcement option on myUnisa as and when this happen. Students are advised to check the module page on myUnisa before making phone calls or visiting the lecturer's office for academic enquiries/engagements.

3.3 Department

You can find contact details for the Department of Finance, Risk Management and Banking at <http://unisa.ac.za/sites/corporate/default/Colleges/Economic-and-Management-Sciences/Schools,-departments,-bureau,-centres-&-institutes/School-of-Economic-and-Financial-Sciences/Department-of-Finance,-Risk-Management-and-Banking>

3.4 University

To contact the University follow the instructions in the *Study @ Unisa* brochure. Remember to have your student number at hand whenever you contact the University.

4 RESOURCES

4.1 Prescribed book

Chance, DM. 2003. *Analysis of derivatives for the CFA program*. AIMR. 978-0935015935

4.2 Joining myUnisa

If you have access to a computer that is linked to the internet, you can quickly access resources and information at the University. The myUnisa learning management system is the University's online campus that will help you communicate with your lecturers, with other students and with the administrative departments at Unisa – all through the computer and the internet.

You can start at the main Unisa website at <http://www.unisa.ac.za> and then click on the myUnisa orange block. This will take you to the myUnisa website. To go to the myUnisa website directly, go to <https://my.unisa.ac.za>. Click on the **Claim UNISA Login** on the right-hand side of the screen on the myUnisa website. You will then be prompted to give your student number in order to claim your initial myUnisa details and your myLife e-mail login details.

For more information on myUnisa, consult the *Study @ Unisa* brochure, which you received with your study material.

4.3 Other resources – printed support material

Because we want you to succeed in this online module, we also provide you with some of the study material in printed format. This will allow you to read the study material even if you are not online.

We will send you the printed study material at the beginning of the semester, but you do not have to wait for it to arrive before you start studying. As soon as you are registered, you can go online and find all your study material there. The material we will send you is an **offline** copy of the formal content for the online module. The offline copy will enable you to study for this module without using the internet or going to an internet café. It will save you time and money, and you will be able to read and re-read the material and start doing the activities.

It is very important that you log in to myUnisa regularly. We recommend that you log in at least once a week or every 10 days to do the following:

- **Check for new announcements.** You can also set your myLife e-mail account to receive the announcement e-mails on your cellphone.
- **Do the Discussion Forum activities.** When you do the activities for each learning unit, we want you to share your answers with fellow students in your group. You can read the instructions and even prepare your answers offline, but you will need to go online to post your messages.
- **Do other online activities.** For some of the learning unit activities, you will need to post something on the **Blog**, take a quiz or complete your assignment under the **Self-Assessment** option. Do not skip these activities because they will help you complete the assignments and the activities for the module.

We hope that by giving you extra ways to study the material and practise all the activities, this system will help you succeed in the online module. To benefit more from the online module, you must go online regularly to complete the activities and assignments on time.

Remember, the printed support material is back-up material for everything that is found online on myUnisa. It does not contain any extra information. In other words, do not wait for the printed support material to arrive before you start studying.

4.4 Library services and resource information

To obtain information visit the websites as follows:

- For brief information, go to www.unisa.ac.za/brochures/studies
- For detailed information, go to <http://www.unisa.ac.za/library>. For research support and services of personal librarians, click on “Research support”.

The Library has compiled numerous library guides:

- finding recommended reading in the print collection and e-reserves – <http://libguides.unisa.ac.za/request/undergrad>
- requesting material – <http://libguides.unisa.ac.za/request/request>
- postgraduate information services – <http://libguides.unisa.ac.za/request/postgrad>
- finding, obtaining and using library resources and tools to assist in research – http://libguides.unisa.ac.za/Research_Skills
- contacting the Library/finding us on social media/frequently asked questions – <http://libguides.unisa.ac.za/ask>

5 HOW TO STUDY ONLINE

5.1 What does it mean to study fully online?

Studying fully-online modules differs completely from studying some of your other modules at Unisa.

- ***All your study material and learning activities for online modules are designed to be delivered online on myUnisa.*** Although we give you a printed copy to support your studies, the module is designed to be delivered online.
- ***All your assignments must be submitted online.*** This means that you do all your activities and submit all your assignments on myUnisa. In other words, you may not post your assignments to Unisa using the South African Post Office.
- ***All the communication between you and the University happens online.*** Lecturers will communicate to you by e-mail, and using the **Announcements, Discussion Forums** and **Questions and Answers** options. You can also use all these ways to ask questions and contact your lecturers.

5.2 The myUnisa options you will use

All the information about myUnisa options is located under the learning unit, **Introduction** on the myUnisa website for this module. However, we thought it was important to highlight the options that will be used for your formal assignments.

In this module, there are different types of assessment using different myUnisa options:

- **Assignments:** The assignments are done under **Self-Assessments** and are called SAMigo assignments. The instructions for submitting these assignments are given under the learning unit, **Introduction** and at the end of this tutorial letter.

Under **Discussions**, several other discussion forums are available where you can share ideas and post your opinions online.

You may also ask questions using the **Questions and Answers** option. If your question is of general importance, your lecturer may publish it for the whole group to see.

5.3 Predatory providers of classes and examination support

Please be aware of the existence of multiple fraudulent and predatory providers of classes and examination guidance to Unisa students. Please note that Unisa do not have agreements with any of these agencies/schools/colleges to provide tuition or support to our students. Unisa also do not provide these predators with study material, guidelines or your contact information.

These providers may not have the necessary expertise to assist you and often charge exorbitant fees. If you receive an invitation from any agency or College, it is best to confirm with your lecturer if the provider is a legitimate Unisa partner.

5.4 TVET Agreements

Unisa, however, have agreements with a number of TVET Colleges to provide contact tuition and support for students in the following Higher Certificates:

- Higher Certificate in Economic & Management Sciences
- Higher Certificate in Banking
- Higher Certificate in Tourism
- Higher Certificate in Accounting Sciences

More information on this is available on the Unisa website.

6 ASSESSMENT

6.1 Assessment plan

Assignments are seen as part of the learning material for this module. As you do the assignments, study the reading texts, consult other resources, discuss the work with fellow students or do research, you are actively engaged in learning. Paying attention to the assessment criteria for each assignment will help you to understand what is required of you more clearly.

You can only submit assignments electronically via myUnisa. You may not submit assignments by fax or e-mail. For detailed information and requirements concerning assignments, see the *Study @ Unisa* brochure, which is available on the Unisa website.

Compulsory assignments

All assignments are compulsory for this module. There are non-negotiable due dates for each of the assignments for this module. All the assignments contribute to your year mark.

YOU MUST SUBMIT ASSIGNMENT 01 FOR EXAMINATION ADMISSION

Assignment 01: Semester 1
Due date: 2018-04-04
Study material: Chapters 1 – 3

This assignment is only available on myUnisa.

To complete this assignment follow these instructions:

- Access myUnisa by following this link: my.unisa.ac.za.
- Enter your user details and login.
- Select the INV3703-18-S1 webpage.
- Select **Self-assessments** on the pane on the left of the webpage.
- Access and complete the available assessment.

Assignment 02: Semester 1
Due date: 2018-04-25
Study material: Chapters 4 – 5

This assignment is only available on myUnisa.

To complete this assignment follow these instructions:

- Access myUnisa by following this link: my.unisa.ac.za.
- Enter your user details and login.
- Select the INV3703-18-S1 webpage.
- Select **Self-assessments** on the pane on the left of the webpage.
- Access and complete the available assessment.

Assignment 01: Semester 2
Due date: 2018-08-29
Study material: Chapters 1 – 3

This assignment is only available on myUnisa.

To complete this assignment follow these instructions:

- Access myUnisa by following this link: my.unisa.ac.za.
- Enter your user details and login.
- Select the INV3703-18-S2 webpage.
- Select **Self-assessments** on the pane on the left of the webpage.
- Access and complete the available assessment.

Assignment 02: Semester 2
Due date: 2018-10-03
Study material: Chapters 4 – 5

This assignment is only available on myUnisa.

To complete this assignment follow these instructions:

- Access myUnisa by following this link: my.unisa.ac.za.
- Enter your user details and login.
- Select the INV3703-18-S2 webpage.
- Select **Self-assessments** on the pane on the left of the webpage.
- Access and complete the available assessment.

More information on the examination will be communicated to you in Tutorial Letter 201 and on the INV3703 module site.

*Because this is an online module, the assignments are not provided at the beginning of the semester. Instead, you are given the assignments online, as they occur during the course. You can see them when you go online and access the assignment under **Self-assessments** on myUnisa for the module INV3703-18-S1/S2.

6.2 Year mark and final examination

Your year mark for this module will be calculated by using 80% of your examination mark and 20% of your semester/year mark.

The examination for this module is venue-based and the date will be communicated by the examination department as part of your examination timetable.

The final mark for a student who obtained 60% for Assignment 01, 70% for Assignment 02 and 80% for the venue-based examination will be calculated as indicated below:

$$\text{Final mark} = \{(A1 \times \text{weight}_{01}) + (A2 \times \text{weight}_{02})\} \times 0.2 + \{(E1 \times \text{weight}_{\text{Exam}}) \times 0.8\}$$

$$\text{Final mark} = \{(60 \times 0.5) + (70 \times 0.5)\} \times 0.2 + \{(80 \times 1.0) \times 0.8\}$$

$$\text{Final mark} = 13 + 64$$

$$\text{Final mark} = 77\%$$

Examination admission will be granted to all students who submit Assignment 01 before the due date. Students who do not submit the assignment will NOT be allowed to write the examination.

You must obtain a mark of at least 40% to qualify for admission to the supplementary examination. Details about the procedure and cost for the re-marking of examination scripts may be found on myUnisa (<https://my.unisa.ac.za>).

Also remember that a subminimum applies in the examination. You have to obtain at least 40% in the examination for your year mark to be considered. Thus, if you get 38% for the examination (a fail), your final mark will be 38%, even if your year mark was 100%.

7 CONCLUSION

Do not hesitate to contact us by e-mail, if you experience problems with the content of this tutorial letter or with any academic aspect of the module.

We wish you a fascinating and satisfying journey through the learning material and trust that you will complete the module successfully.

Enjoy the journey!

Mr C Erasmus

Lecturer for INV3703

DEPARTMENT OF FINANCE, RISK MANAGEMENT AND BANKING