



AFIN875

Investing in Emerging Markets

S2 Day 2014

Applied Finance and Actuarial Studies

Contents

<u>General Information</u>	2
<u>Learning Outcomes</u>	2
<u>General Assessment Information</u>	3
<u>Assessment Tasks</u>	3
<u>Delivery and Resources</u>	5
<u>Unit Schedule</u>	6
<u>Policies and Procedures</u>	7
<u>Graduate Capabilities</u>	8
<u>Changes from Previous Offering</u>	9
<u>Research and Practice</u>	9

Disclaimer

Macquarie University has taken all reasonable measures to ensure the information in this publication is accurate and up-to-date. However, the information may change or become out-dated as a result of change in University policies, procedures or rules. The University reserves the right to make changes to any information in this publication without notice. Users of this publication are advised to check the website version of this publication [or the relevant faculty or department] before acting on any information in this publication.

General Information

Unit convenor and teaching staff

Unit Convenor

Mehdi Sadeghi

mehdi.sadeghi@mq.edu.au

Contact via mehdi.sadeghi@mq.edu.au

Tuesday 1-3PM

Veronica Chen

veronica.chen@mq.edu.au

Credit points

4

Prerequisites

ACST603 or AFIN818 or admission to MCom or MIntBus or MEc or MActPrac prior to 2011

Corequisites

Co-badged status

Unit description

This unit begins with an examination of the characteristics of emerging financial markets. The unit then has two parts. The focus of the first part is on portfolio investment management. The focus of the second part is on direct investment in new projects. The geographic focus is in Asian countries.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

Learning Outcomes

On successful completion of this unit, you will be able to:

Learn about the characteristics of emerging financial markets: asset allocation, volatility and linkages in emerging capital markets.

Explore the menu of investment opportunities, such as portfolio investment, FDI, and investment in a project in emerging markets.

Analyse systematic risk and alternative CAPM for emerging financial markets.

review liberalisation and integration in emerging market.

Investigate financial crises and their contagious effects in emerging markets

Evaluate derivatives and hedging instruments in emerging markets.

General Assessment Information

A Standardised Numerical Grade (SNG) gives you an indication of how you have performed within the band for your descriptive grade. The SNG is not a mark, and you may not be able to work it out based on your raw examination and other assessment marks. Nor are you able to determine you are “one mark away” from a different grade.

Assessment Tasks

Name	Weighting	Due
<u>Class Test</u>	25%	Week 7
<u>2. Case Study</u>	20%	Throughout the Session
<u>3. Final Examination</u>	55%	Examination period

Class Test

Due: **Week 7**

Weighting: **25%**

The 90-minute class test is designed to help you consolidate your understanding of core concepts through Multiple Choice questions. This test will cover topics from the first 6 weeks of lectures and the associated reading materials. You are expected to present yourself for the test in Lecture7 at the enrolled time and place of your normal lecture. No extensions will be granted. Students who have not for the class test on due date will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- Learn about the characteristics of emerging financial markets: asset allocation, volatility and linkages in emerging capital markets.
- Explore the menu of investment opportunities, such as portfolio investment, FDI, and investment in a project in emerging markets.
- Analyse systematic risk and alternative CAPM for emerging financial markets.

2. Case Study

Due: **Throughout the Session**

Weighting: **20%**

Project finance case study (20%)

Project finance case study is a weekly group presentation exercise. This study provide students with an opportunity to systematically look at project financing events in emerging markets by collecting data, analysing information, and report the findings. Each student's group is expected to present a case and submit a written report once only. A list of cases with a short description will be distributed to the class in the first week and students can select the one that they prefer (on the first come first serve basis).

No extensions will be granted. Students who have not presented their case on due date will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- Learn about the characteristics of emerging financial markets: asset allocation, volatility and linkages in emerging capital markets.
- Explore the menu of investment opportunities, such as portfolio investment, FDI, and investment in a project in emerging markets.
- Analyse systematic risk and alternative CAPM for emerging financial markets.
- Evaluate derivatives and hedging instruments in emerging markets.

3. Final Examination

Due: **Examination period**

Weighting: **55%**

The final examination for this unit will be held during the University Examination Period. The exam will cover all of the topics in the syllabus, and will be a closed book exam. To be eligible to pass this unit, a pass is required in the final examination. No extensions will be granted. Students who have not sat for the final exam will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- Learn about the characteristics of emerging financial markets: asset allocation, volatility and linkages in emerging capital markets.
- Explore the menu of investment opportunities, such as portfolio investment, FDI, and investment in a project in emerging markets.

- Analyse systematic risk and alternative CAPM for emerging financial markets.
- review liberalisation and integration in emerging market.
- Investigate financial crises and their contagious effects in emerging markets
- Evaluate derivatives and hedging instruments in emerging markets.

Delivery and Resources

Classes

- Each week there will be a two hour lecture, and one hour group presentation by students.
- The timetable for classes can be found of the University web site at:
<http://www.timetables.mq.edu.au/>
- It is an assessment requirement of this unit that students attend classes, especially during presentation of case studies.

Required and Recommended Texts and/or Materials Prescribed

- Text book for the subject is Financial Decisions in Emerging Markets by Jaime Sabal. Publisher: Oxford University Press, 2002, ISBN: 0195144597.
- Reference books include Emerging Financial Markets by David Beim and Charles Calomiris, and Project Finance in Asia Pacific by Richard Tinsley.
- All other readings will be available in library, or will be distributed in the lecture on weekly basis.
- The required and recommended texts can be purchased from the Macquarie University Co-op Bookshop.
- A copy of the recommended text is also available in the Macquarie Library.

Technology Used and Required

- During the semester you need to access website of several emerging markets stock exchanges, and bond markets in order to do your Major
- Assignment. You may also need to access website of relevant corporations and financial institutions that are involved in project finance case study.
- Ability to work with softwares for time series analysis, and portfolio management are desirable requirements for doing your assignment and case study more professionally.
- A nonprogrammable calculator may be used in any examination in this unit.

Unit Web Page

Course material is available on the learning management system (iLearn)

Changes from the last offering

Major Assignment is substituted with Mid-term test.

Unit Schedule

Date	Week	Lecture Topic	Other Readings	Text Readings	Case Study
4 th Aug	1	Introduction	Lecture Notes Bein & Calomiris (BC), Ch 1	Sabal, Ch 1	Allocation in the first week
11 th	2	Investing in Public Equities	Lecture Notes	Sabal, Ch 3-4	Case study
18 th	3	Investing in Private Equities	Lecture Notes	Sabal, Ch 3-4	
25 th	4	Investing in Direct Debts and Bonds	Lecture Notes		
1 st Sept	5	Measuring Return and Risk, Diversification	Lecture Notes, handouts, BC Ch 1	Sabal, Ch 2	
8 th	6	Asset Pricing Models in EMs	Lecture Notes, readings in Library Reserve	Sabal. Ch 6 - 7	
15 th	Mid-term test				
6 th Oct	8	FDI	Lecture Notes, readings in Library Reserve		
13 th	9	Project Finance	Lecture Notes, readings in Library Reserve	Sabal Ch 8 and 11	
20 th	10	Liberalisation & Integration	Lecture Notes, Ch 3 BC, readings in Library Reserve		
27 th	11	Financial Crisis & Risk	Lecture Notes, Ch 8 BC, readings in Library Reserve		

3 rd	12	Contagion	Lecture Notes, readings in Library Reserve		
Nov					
10 th	13	Derivatives	Lecture Notes, readings in Library Reserve	Sabal Ch 9	

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](#). Students should be aware of the following policies in particular with regard to Learning and Teaching:

Academic Honesty Policy http://mq.edu.au/policy/docs/academic_honesty/policy.html

Assessment Policy <http://mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy <http://mq.edu.au/policy/docs/grading/policy.html>

Grade Appeal Policy <http://mq.edu.au/policy/docs/gradeappeal/policy.html>

Grievance Management Policy http://mq.edu.au/policy/docs/grievance_management/policy.html

Disruption to Studies Policy http://www.mq.edu.au/policy/docs/disruption_studies/policy.html *The Disruption to Studies Policy is effective from March 3 2014 and replaces the Special Consideration Policy.*

In addition, a number of other policies can be found in the [Learning and Teaching Category](#) of Policy Central.

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: https://students.mq.edu.au/support/student_conduct/

Supplementary Exam

Supplementary Exams Further information regarding supplementary exams, including dates, is available here http://www.businessandconomics.mq.edu.au/current_students/undergraduate/how_do_i/special_consideration

Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

Learning Skills

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study

strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

Student Enquiries

For all student enquiries, visit Student Connect at ask.mq.edu.au

IT Help

For help with University computer systems and technology, visit <http://informatics.mq.edu.au/help/>.

When using the University's IT, you must adhere to the [Acceptable Use Policy](#). The policy applies to all who connect to the MQ network including students.

Graduate Capabilities

PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:

Learning outcomes

- Learn about the characteristics of emerging financial markets: asset allocation, volatility and linkages in emerging capital markets.
- Explore the menu of investment opportunities, such as portfolio investment, FDI, and investment in a project in emerging markets.
- Analyse systematic risk and alternative CAPM for emerging financial markets.
- review liberalisation and integration in emerging market.
- Investigate financial crises and their contagious effects in emerging markets
- Evaluate derivatives and hedging instruments in emerging markets.

Assessment tasks

- Class Test

- 3. Final Examination

PG - Critical, Analytical and Integrative Thinking

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

Learning outcomes

- Analyse systematic risk and alternative CAPM for emerging financial markets.
- Investigate financial crises and their contagious effects in emerging markets
- Evaluate derivatives and hedging instruments in emerging markets.

Assessment tasks

- Class Test
- 2. Case Study
- 3. Final Examination

PG - Research and Problem Solving Capability

Our postgraduates will be capable of systematic enquiry; able to use research skills to create new knowledge that can be applied to real world issues, or contribute to a field of study or practice to enhance society. They will be capable of creative questioning, problem finding and problem solving.

This graduate capability is supported by:

Learning outcome

- Investigate financial crises and their contagious effects in emerging markets

Assessment task

- 2. Case Study

Changes from Previous Offering

No change

Research and Practice

This unit gives you practice in applying research findings in your case study.