AFIN818

Investments

S1 Evening 2016

Dept of Applied Finance and Actuarial Studies

Contents

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General Information

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Credit points
4

Prerequisites
ACST603 or AFIN858

Corequisites

Co-badged status

Unit description
This unit provides an introduction to the fundamental concepts of investment analysis and their practical application. With an international approach, topics include selecting asset types for specific objectives, bond and stock valuation, asset allocation, the risk-return trade-off, portfolio management, behavioural biases in investment decisions, and fundamental versus technical analysis. The materials covered encompass practical techniques as well as intellectual and academic issues in investment management.

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:

Construct optimal portfolios applying the principles of modern portfolio theory.

Illustrate the theory and empirical applications of asset pricing models: the CAPM, APT and multi-factor models.

Characterize the implications of the market efficiency evidence on active portfolio management.

Analyse bond prices and yields.

Explain macroeconomic and industry analysis, equity valuation and financial statement analysis.

General Assessment Information

It is the responsibility of students to view their marks for each within session assessment on iLearn within 20 working days of posting. If there are any discrepancies, students must contact the unit convenor immediately. Failure to do so will mean that queries received after the release of final results regarding assessment tasks (not including the final exam mark) will not be addressed.

Assessment Tasks

Name	Weighting	Due
Presentation	10%	Week 5-11
Class test in class	20%	Week 7
Case study/report	20%	TBD
Final examination	50%	University Examination Period

Presentation

Due: **Week 5-11**
Weighting: **10%**

Students will work on a case study in groups of three or four and present their findings to the class. Details of the case study will be announced in class and posted on iLearn.

Each group will make a ten-minute presentation during weeks 5 to 11 as scheduled by the lecturer. No extensions will be granted. Students who do not deliver their class presentation on the scheduled date will be awarded a mark of 0 for the class presentation, except for cases in which an application for special consideration is made and approved.

This Assessment Task relates to the following Learning Outcomes:

- Construct optimal portfolios applying the principles of modern portfolio theory.
- Illustrate the theory and empirical applications of asset pricing models: the CAPM, APT and multi-factor models.
- Characterize the implications of the market efficiency evidence on active portfolio management.
- Analyse bond prices and yields.
- Explain macroeconomic and industry analysis, equity valuation and financial statement analysis.

On successful completion you will be able to:
- Illustrate the theory and empirical applications of asset pricing models: the CAPM, APT and multi-factor models.
- Explain macroeconomic and industry analysis, equity valuation and financial statement analysis.

Class test in class

Due: **Week 7**
Weighting: **20%**

The mid-semester test will cover the topics studied during weeks 1 to 5 inclusive.

Students who do not sit for the mid-semester test will be awarded a mark of 0 for the mid-semester test, except for cases in which an application for special consideration is made and approved.

This Assessment Task relates to the following Learning Outcomes:

- Construct optimal portfolios applying the principles of modern portfolio theory.
- Illustrate the theory and empirical applications of asset pricing models: the CAPM, APT and multi-factor models.

On successful completion you will be able to:
- Characterize the implications of the market efficiency evidence on active portfolio management.
- Analyse bond prices and yields.

Case study/report

Due: **TBD**
Weighting: **20%**

Each group will prepare a written report that addresses the issues raised in the case study. Please refer to iLearn for submission details. Please submit your written report before the due time. No extensions will be granted. Late written reports will be accepted up to 72 hours after the submission deadline. There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission –20% penalty). This penalty does not apply for cases in which an application for special consideration is made and approved.

This Assessment Task relates to the following Learning Outcomes:

- Construct optimal portfolios applying the principles of modern portfolio theory.
- Illustrate the theory and empirical applications of asset pricing models: the CAPM, APT and multi-factor models.
- Characterize the implications of the market efficiency evidence on active portfolio management.

On successful completion you will be able to:
- Construct optimal portfolios applying the principles of modern portfolio theory.
- Illustrate the theory and empirical applications of asset pricing models: the CAPM, APT and multi-factor models.
- Characterize the implications of the market efficiency evidence on active portfolio management.
- Explain macroeconomic and industry analysis, equity valuation and financial statement analysis.

Final examination

Due: **University Examination Period**
Weighting: **50%**

The final exam will cover the topics studied throughout the semester. The final exam will be scheduled in the examination period.

This Assessment Task relates to the following Learning Outcomes:

- Construct optimal portfolios applying the principles of modern portfolio theory.
- Illustrate the theory and empirical applications of asset pricing models: the CAPM, APT and multi-factor models.
- Characterize the implications of the market efficiency evidence on active portfolio management.
- Analyse bond prices and yields.
- Explain macroeconomic and industry analysis, equity valuation and financial statement analysis.

On successful completion you will be able to:

- Construct optimal portfolios applying the principles of modern portfolio theory.
- Illustrate the theory and empirical applications of asset pricing models: the CAPM, APT and multi-factor models.
- Characterize the implications of the market efficiency evidence on active portfolio management.
- Analyse bond prices and yields.
- Explain macroeconomic and industry analysis, equity valuation and financial statement analysis.

Delivery and Resources

Required technology

Non-programmable calculator

Tutorial and lecture times

Students are required to enroll in one three-hour class per week and attend the class in which they are enrolled. See details from the timetable.

Learning and teaching strategy

Face-to-face

Classes will typically consist of a two-hour lecture followed by a one-hour tutorial. Lectures are used to set the scene and show how the topic fits into the overall unit of study aims. Tutorials are essential for helping you to further your understanding and apply concepts to more difficult problems. Participation is strongly encouraged for you to check your progress towards achieving the learning outcomes for the unit.

Print

The textbook for the unit is Bodie, Z., Kane, A. and Marcus, A.J. (2014), Investments, 10th edition, McGraw-Hill (denoted BKM on the reading list). Textbook material will be supplemented by articles and handouts. Chapters from the textbook and specified articles should be read prior to attending the scheduled lecture on that topic. Homework problems will be assigned at the end of lectures and these should be completed before coming to class the following week. Important handouts can be downloaded from the unit's iLearn site.

Online

iLearn (https://ilearn.mq.edu.au) provides the main online learning support. It is essential that you log in at least twice per week to keep abreast of unit-wide announcements and use the resources to supplement your learning. Lecture slides are available by the Friday before each lecture for you to download from iLearn. Solutions to homework problems are made available online after the problems are discussed in class. The multiple choice quizzes available with the textbook are a useful revision resource.

Unit Schedule

Week	Topic	Readings
1	Introduction	BKM chapters 1 and 2
2	Investment vehicles	BKM chapters 3 and 4
3	Risk preferences and asset allocation	BKM chapters 5 and 6
4	Portfolio optimization	BKM chapters 7 and 8
5	Asset pricing	BKM chapters 9 and 10
6	Market efficiency	BKM chapters 11 and 12
7	Mid-semester test	
8	Empirical evidence on security returns	BKM chapter 13
9	Fixed income securities	BKM chapter 14 and 15
10	Interest rate risk management	BKM chapter 16
11	Industry analysis	BKM chapter 17
12	Equity securities	BKM chapter 18 and 19
13	Review	

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

New Assessment Policy in effect from Session 2 2016 http://mq.edu.au/policy/docs/assessment/policy_2016.html. For more information visit http://students.mq.edu.au/events/2016/07/19/new_assessment_policy_in_place_from_session_2/

Assessment Policy prior to Session 2 2016 http://mq.edu.au/policy/docs/assessment/policy.html

Grading Policy prior to Session 2 2016 http://mq.edu.au/policy/docs/grading/policy.html

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

Complaint Management Procedure for Students and Members of the Public http://www.mq.edu.au/policy/docs/complaint_management/procedure.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/

Results

Results shown in *iLearn*, or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in eStudent. For more information visit ask.mq.edu.au.

Supplementary Exams

Further information regarding supplementary exams, including dates, is available here

http://www.businessandeconomics.mq.edu.au/current_students/undergraduate/how_do_i/disruption to studies

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://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the Acceptable Use of IT Resources 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

- Construct optimal portfolios applying the principles of modern portfolio theory.
- Illustrate the theory and empirical applications of asset pricing models: the CAPM, APT and multi-factor models.
- Characterize the implications of the market efficiency evidence on active portfolio management.
- Analyse bond prices and yields.
- Explain macroeconomic and industry analysis, equity valuation and financial statement analysis.

Assessment tasks

- Class test in class
- 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

- Construct optimal portfolios applying the principles of modern portfolio theory.
- Illustrate the theory and empirical applications of asset pricing models: the CAPM, APT and multi-factor models.
- Characterize the implications of the market efficiency evidence on active portfolio management.
- Analyse bond prices and yields.

- Explain macroeconomic and industry analysis, equity valuation and financial statement analysis.

Assessment tasks

- Presentation
- Case study/report
- Final examination

PG - Effective Communication

Our postgraduates will be able to communicate effectively and convey their views to different social, cultural, and professional audiences. They will be able to use a variety of technologically supported media to communicate with empathy using a range of written, spoken or visual formats.

This graduate capability is supported by:

Learning outcomes

- Illustrate the theory and empirical applications of asset pricing models: the CAPM, APT and multi-factor models.
- Characterize the implications of the market efficiency evidence on active portfolio management.
- Explain macroeconomic and industry analysis, equity valuation and financial statement analysis.

Assessment tasks

- Presentation
- Case study/report