



AFIN818

Investments

S2 Evening 2016

Dept of Applied Finance and Actuarial Studies

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General Information

Unit convenor and teaching staff

Unit convenor

Dr. Guy Schofield

guy.schofield@mq.edu.au

Contact via TBA

Room TBA

Consult Monday, 2.00 - 3.00 p.m.

Angela Chow

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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.

Characterise 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 marks (not including the final exam mark) will not be addressed.

Assessment criteria for all assessment tasks will be provided on the unit iLearn site.

Students should attempt the multiple choice questions provided in the unit [BKM textbook website](#) (see Delivery and Resources below) as part of class preparation. Please use these questions and the weekly homework questions as an indicator of whether you are progressing satisfactorily in the unit. If you are having difficulties, please see the Unit Convenor and consider withdrawing before the census date on Friday of week 4.

Assessment Tasks

Name	Weighting	Due
Class test	25%	Week 7 in class
Case study	20%	Sun 23 October 2016 by 5pm EST
Final examination	55%	University Examination Period

Class test

Due: **Week 7 in class**

Weighting: **25%**

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 zero for the mid-semester test, except for cases in which an application for special consideration is made and approved.

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.

Case study

Due: **Sun 23 October 2016 by 5pm EST**

Weighting: **20%**

Each student will prepare a written report that addresses the issues raised in the assigned case study. Submission for the case study is via the unit iLearn website. Please refer to iLearn for the case and submission details.

The written report is to be submitted by the due date. No extensions will be granted. 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). No submission will be accepted after feedback has been provided in the first class of week 12. This penalty does not apply for cases in which an application for disruption of studies is made and approved.

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.
- Characterise the implications of the market efficiency evidence on active portfolio management.

Final examination

Due: **University Examination Period**

Weighting: **55%**

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

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.
- Characterise 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 enrol 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 address any misunderstandings and to apply concepts to more difficult problems. Participation is strongly encouraged so students can check their understanding of concepts. Students should be prepared to present their homework solutions in the tutorials and/or to discuss the related conceptual issues.

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.

The optional additional textbook for the unit is Elton, E.J., Gruber M.J., Brown, S.J., Goetzmann, W.N. (2014), *Modern Portfolio Theory and Investment Analysis*, 9th Edition, Wiley.

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.

Students should attempt the multiple choice questions provided in the [BKM textbook web site](#) as part of class preparation.

Changes since the last offering of this unit

Nil

Unit Schedule

Week	Commencing	Topic	Readings
1	1 August	Introduction	BKM chapters 1 and 2
2	8 August	Investment vehicles	BKM chapters 3 and 4
3	15 August	Risk preferences and asset allocation	BKM chapters 5 and 6
4	22 August	Portfolio optimisation	BKM chapters 7 and 8
5	29 August	Asset pricing	BKM chapters 9 and 10
6	5 September	Market efficiency	BKM chapters 11, 12 and 13
7	12 September	Mid-semester test	
	19 September	Mid-semester break	
	26 September	Mid-semester break	
8	3 October	No class	
9	10 October	Fixed income securities	BKM chapters 14 and 15
10	17 October	Interest rate risk management	BKM chapter 16
11	24 October	Industry analysis	BKM chapter 17
12	31 October	Equity securities	BKM chapters 18 and 19
13	7 November	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/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://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.
- Characterise 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
- Case study
- 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.
- Characterise 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

- Case study
- 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

- 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.
- Characterise the implications of the market efficiency evidence on active portfolio management.

Assessment task

- Case study

Research and Practice

This unit uses research from external sources (references will be given in lectures and tutorials and on the unit's iLearn site).

This unit gives you practice in applying research findings in the written report.