



AFIN875

Investing in Emerging Markets

S2 Day 2016

Dept of Applied Finance and Actuarial Studies

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General Information

Unit convenor and teaching staff

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Credit points

4

Prerequisites

ACST603 or AFIN818

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:

1. Learn about the characteristics of emerging financial markets: asset allocation, volatility and linkages in emerging capital markets.
2. Explore the menu of investment opportunities, such as portfolio investment, FDI, and investment in a project in emerging markets.
3. Analyse systematic risk and alternative CAPM for emerging financial markets.
4. Review financial liberalisation and contagious effects of financial crisis in emerging markets .
5. Highlight the impacts of financial liberalisation on financial crisis and systemic risk.

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.

Self-Assessment test.

A self-assessment template will be posted on iLearn in week three to provide students with feedback before the census date.

Assessment Tasks

Name	Weighting	Due
<u>In-Class Test</u>	25%	Week 7
<u>Case Study</u>	20%	Thought semester
<u>Final Exam</u>	55%	Final Exam Period

In-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 Lecture 7 at the enrolled time and place of your normal lecture. No extensions will be granted. Students who have not attended 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:

- 1. Learn about the characteristics of emerging financial markets: asset allocation, volatility and linkages in emerging capital markets.
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- 4. Review financial liberalisation and contagious effects of financial crisis in emerging

markets .

- 5. Highlight the impacts of financial liberalisation on financial crisis and systemic risk.

Case Study

Due: **Thought semester**

Weighting: **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 before the class and submit a hard copy of their written report after their presentation. A soft copy of their report must also be uploaded on ilearn, immediately before or after their presentation. 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.

50% of the marks is allocated to individual students' performance during their presentation before the class.

On successful completion you will be able to:

- 1. Learn about the characteristics of emerging financial markets: asset allocation, volatility and linkages in emerging capital markets.
- 3. Analyse systematic risk and alternative CAPM for emerging financial markets.
- 5. Highlight the impacts of financial liberalisation on financial crisis and systemic risk.

Final Exam

Due: **Final Exam 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. 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.

You are permitted ONE A4 page of paper containing reference material printed on both sides. The material may be handwritten or typed. The page will not be returned to you at the end of the final examination.

On successful completion you will be able to:

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volatility and linkages in emerging capital markets.

- 2. Explore the menu of investment opportunities, such as portfolio investment, FDI, and investment in a project in emerging markets.
- 3. Analyse systematic risk and alternative CAPM for emerging financial markets.
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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

- Reference books include, The Spread of Financial Sophistication Through Emerging Markets Worldwide by John Kensinger, and Project Finance in Asia Pacific by Richard Tinsley.
- All other readings will be available on ilearn, or in the 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)

Unit Schedule

Date	Week	Lecture Topic	Other Readings	Text Readings	Case Study
1 st Aug	1	Introduction	Lecture Notes	Week 1 ilearn readings	Allocation in the first week
8 th Aug	2	Investing in Public Equities	Lecture Notes	Week 2 ilearn readings	Case study
15 th	3	Investing in Private Equities	Lecture Notes	Week 3 ilearn readings	Case study
22 th	4	Investing in Direct Debts and Bonds	Lecture Notes	Week 4 ilearn readings	Case study

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29th	5	Measuring Return and Risk, Diversification	Lecture Notes, handouts,	Week 5 iLearn readings	Case study
5th Sept	6	Asset Pricing Models in EMs	Lecture Notes, readings in Library Reserve	Week 6 iLearn readings	Case study

12th	In-class Test				
19th Sept-2 nd Oct	Mid-Semester Break				
3 rd Oct	8	FDI	Lecture Notes	Week 8 iLearn readings	Case study
10th Oct	9	Project Finance	Lecture Notes, readings in Library Reserve	Week 9 iLearn readings	Case study
17th	10	Liberalisation & Integration	Lecture Notes, , readings in Library Reserve	Week 10 iLearn readings	

ccCC				
24th	11	Financial Crisis	Lecture Notes, , readings in Library Reserve	Week 11 ilearn readings
31 st	12	Contagion & Systemic Risk	Lecture Notes, readings in Library Reserve	Week 12 ilearn readings
7 th Nov	13	Derivatives	Lecture Notes, readings in Library Reserve	Week 13 ilearn readings

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.m](#)

mq.edu.au.

Supplementary exams

Information regarding supplementary exams, including dates, is available at: 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://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

- 1. Learn about the characteristics of emerging financial markets: asset allocation,

volatility and linkages in emerging capital markets.

- 2. Explore the menu of investment opportunities, such as portfolio investment, FDI, and investment in a project in emerging markets.
- 4. Review financial liberalisation and contagious effects of financial crisis in emerging markets .
- 5. Highlight the impacts of financial liberalisation on financial crisis and systemic risk.

Assessment tasks

- In-Class Test
- Case Study
- Final Exam

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 outcome

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

Assessment tasks

- In-Class Test
- Case Study
- Final Exam

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 outcomes

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

- 3. Analyse systematic risk and alternative CAPM for emerging financial markets.
- 5. Highlight the impacts of financial liberalisation on financial crisis and systemic risk.

Assessment tasks

- In-Class Test
- Case Study
- Final Exam