



AFIN818

Investments

S2 Day 2017

Dept of Applied Finance and Actuarial Studies

Contents

<u>General Information</u>	2
<u>Learning Outcomes</u>	3
<u>General Assessment Information</u>	3
<u>Assessment Tasks</u>	4
<u>Delivery and Resources</u>	7
<u>Unit Schedule</u>	8
<u>Policies and Procedures</u>	9
<u>Graduate Capabilities</u>	11
<u>Research and Practice</u>	12
<u>Changes since First Published</u>	12

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

Dr. Guy Schofield

guy.schofield@mq.edu.au

Contact via Refer to iLearn

Room 208 Building E4A

Refer to iLearn

Lecturer

Dr. Kassim Durrani

kassim.durrani@mq.edu.au

Contact via Refer to iLearn

Refer to iLearn

Refer to iLearn

Angela Chow

angela.chow@mq.edu.au

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

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

Feedback Prior to the Census Date: please use the online quiz assessment task 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.

Disruption to Study: for assessment tasks for which late submissions apply, if your disruption to study is deemed 'Serious and Unavoidable', and thus meets the criteria for Special Consideration set out in the Disruption to Studies Policy, you will receive an additional opportunity to demonstrate that you have met the learning outcomes for this assessment task. Otherwise, there will be no provision of an additional assessment task. For information, including results of disruption e.g. preparation affected' or 'examination performance affected', please refer to the Disruption to Studies Policy Outcomes and Supporting Evidence. Where a Disruption to Studies application is approved for an assessment task for which late submissions apply, the student may be offered an alternative assessment or may receive a mark based on the percentage mark achieved by the student in one or more other assessment tasks, at the Unit Convenor's discretion. The alternative/supplementary assessment task may involve a verbal or written component, or both.

Late assessment submission

- **Tasks 10% or less** – No extensions will be granted. Students who have not submitted the task prior to the deadline will be awarded a mark of 0 for the task, except for cases in which an application for disruptions to studies is made and approved.
- **Tasks above 10%** - 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). This penalty does not apply for cases in which an application for disruption of

studies is made and approved. No submission will be accepted after solutions have been posted.

Viewing Within Session Assessment Task Marks: 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 work for this unit is to be individual work. The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You are responsible for being aware and for observing the University's practices and procedures on plagiarism. These can be found in the Handbook of Undergraduate Studies or on the web at: <http://mafstudents.mq.edu.au/student-administration/program-rules/program-rules-online-version/plagiarism/> .

Assessment Tasks

Name	Weighting	Hurdle	Due
<u>Online Quiz</u>	10%	No	Weekly
<u>Assessed Coursework</u>	10%	No	Random weeks
<u>Case Study</u>	20%	No	Refer iLearn
<u>Final Examination</u>	60%	No	University Examination Period

Online Quiz

Due: **Weekly**

Weighting: **10%**

The online quizzes are randomly selected questions from a test-bank. There is one online quiz for each lecture. There are eleven online quizzes in total. The online quizzes will open to students every Friday commencing week one to test your knowledge of the lecture given in the week.

You are expected to have completed the quiz within the week i.e., by the following Friday. Students frequently ask for extensions to these deadlines for various reasons. In the interest of fairness every student will automatically be granted an extension of one week to each online quiz, and the quizzes will stay online for two weeks each (e.g., Week 1's lecture will be open until Friday of week 3). Any approved Disruption to Studies application in relation to the quiz will normally only be considered for special consideration where the disruption lasted for at least three days of the assessment period. Students should not delay efforts to complete the quiz.

After completing an online quiz, you must click "submit" before exiting the online quiz to ensure

that the answers are processed and marked by iLearn. Otherwise, you will not receive any marks. In the past, some students have claimed to have submitted quizzes but that the system has lost them, most likely confused different quizzes. If you think you lost a quiz the IT staff will look into it, but if they cannot find anything in the system we cannot give you any marks. You may wish to take a screen shot of your submitted quiz for your records.

Please use the quiz 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.

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.

Assessed Coursework

Due: **Random weeks**

Weighting: **10%**

The assessed coursework covers: pre-reading preparation and homework.

There will be two random quizzes relating to your preparation for class during the semester each worth a maximum of 2.5%. The quiz questions can be on any topic covered up to and including that week. Questions will require you to draw on content from the set readings. Therefore, you are strongly advised to complete all set readings prior to class.

The quiz will commence at the beginning of the class. The questions will be read out in class. No repeat of the question or time extension is provided for late arrival.

Students write their response in class to the short question and then your paper will be collected.

This is an individual activity and test conditions apply during the in class quiz. Students who miss the test, talk, cheat, disrupt class or otherwise fail to comply with test rules will be awarded zero marks.

There will be two random homework collections each worth a maximum of 2.5%. Homework is set at the end of each lecture. Students are required to bring the homework solutions to the following weeks tutorial. This can be typed or handwritten (providing it is legible).

This is an individual activity. To get full marks students need to add some insight to the standard

solution. Students who copy the text-book solution word for word will receive zero marks as will homework solutions that is not well laid out and legible.

Late submissions do **not** apply to this task.

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.
- 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.

Case Study

Due: **Refer iLearn**

Weighting: **20%**

A case problem will be presented that requires analysis of a given data set. Submission for the case study is via the unit iLearn website using Turnitin. This is an **individual assignment** and similarity will be checked via Turnitin

Please refer to iLearn for submission details.

Submission must be made by the Due date. Please see late assessment statement below under general assessment information on Tasks above 10%.

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.

Final Examination

Due: **University Examination Period**

Weighting: **60%**

The final exam covers all the materials and topics studied throughout the semester.

The duration of the exam is two and a half hours plus 10 minutes reading time. **NO** formula sheet will be provided in the exam paper. 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.

We will not specify the questions in advance. You must observe the exam rules and regulations set by the university. Further details on the format of the final exam will be provided on iLearn.

Students will be advised if the style of previous examination papers is not representative of that of the final examination paper for the current offering. This advice will be provided on iLearn together with a practise exam paper.

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

Tutorial and lecture times

Students are required to enrol in one three-hour class per week and to attend the class in which they are enrolled. See details from the [timetable](#).

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.

You will be expected to have read the required reading before that week's class.

Homework problems will be assigned at the end of lectures and these should be completed before coming to the following week's tutorial where students get to discuss their homework solutions.

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.

Attendance at lectures and tutorials is a compulsory component of the Unit, and students are expected to attend all classes. If a student misses more than two classes then they could be given a written warning that non-attendance can lead to a Fail grade in the Unit. A class register will be taken to record students who are at a class. It is the student's responsibility to ensure that

they record their attendance in the register. The attendance register cannot be amended after the class. Students are not permitted to register on behalf of other students - any such cases may be referred to the School.

Print

It is essential to have the unit textbook. The university bookshop has copies.

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.

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 regularly 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.

Unit Schedule

Acad. Week	Topics	Readings
Week 1	Introduction	BKM Pt1 chapters 1 and 2 (not 2.5)
Week 2	Investment vehicles	BKM Pt1 chapters 3 and 4 (not 3.4 and 3.5)
Week 3	Risk preferences and asset allocation	BKM Pt2 chapters 5 and 6 (not appendix C)
Week 4	Portfolio optimisation	BKM Pt2 chapters 7 and 8 (not appendices)
Week 5	Asset pricing	BKM Pt3 chapters 9 and 10
Week 6	Market efficiency	BKM Pt3 chapters 11 and 12

Acad. Week	Topics	Readings
Week 7	No class - time available to work on case assignment task	
Week 8	Empirical evidence on security returns	BKM Pt3 chapter 13
Week 9	Fixed income securities	BKM chapters 14 and 15
Week 10	Interest rate risk management	BKM chapter 16
Week 11	Industry analysis	BKM chapter 17
Week 12	Equity securities	BKM chapters 18 and 19
Week 13	Revision	

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_2016.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 (in effect until Dec 4th, 2017): http://www.mq.edu.au/policy/docs/disruption_studies/policy.html

Special Consideration Policy (in effect from Dec 4th, 2017): <https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policies/special-consideration>

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

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

http://www.businessandconomics.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.
- 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

- Online Quiz
- Assessed Coursework
- 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 - 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

- Construct optimal portfolios applying the principles of modern portfolio theory.
- Analyse bond prices and yields.

Assessment tasks

- Case Study
- Final Examination

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.

Changes since First Published

Date	Description
13/07/2017	Added title Dr. Kassim Durrani as previously read Kassim Durrani.