



# AFIN828

## International Investment and Risk

S1 Day 2017

*Dept of Applied Finance and Actuarial Studies*

### Contents

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<a href="#"><u>General Information</u></a>	2
<a href="#"><u>Learning Outcomes</u></a>	2
<a href="#"><u>General Assessment Information</u></a>	3
<a href="#"><u>Assessment Tasks</u></a>	3
<a href="#"><u>Delivery and Resources</u></a>	5
<a href="#"><u>Unit Schedule</u></a>	6
<a href="#"><u>Policies and Procedures</u></a>	6
<a href="#"><u>Graduate Capabilities</u></a>	8
<a href="#"><u>Changes from Previous Offering</u></a>	9
<a href="#"><u>Research and Practice</u></a>	10

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## General Information

### Unit convenor and teaching staff

Convenor

Geoff Loudon

[geoff.loudon@mq.edu.au](mailto:geoff.loudon@mq.edu.au)

Contact via Email

E4A 230

Friday 10-11am during term. Other times by prior appointment only.

Administration

Angela Chow

[angela.chow@mq.edu.au](mailto:angela.chow@mq.edu.au)

Angela Chow

[angela.chow@mq.edu.au](mailto:angela.chow@mq.edu.au)

Credit points

4

Prerequisites

ACST603 or AFIN858

Corequisites

Co-badged status

Unit description

This is an advanced-level unit concentrating on various techniques in investment and financial risk management. Topics include the analysis of risk and return, financial derivatives, international bond markets, dependence modelling, banking regulations, managing market, credit, operational risk and economic capital. A strong emphasis is placed upon developing a rigorous analytical skill-base which can then be applied to real-world issues in the financial industry.

## 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:

Develop advanced and integrated understanding of the theory and practice of

international investment

Acquire specialised cognitive and technical skills to independently solve complex problems in financial risk management

Apply knowledge and skills to demonstrate autonomy, expert judgement, adaptability and responsibility, as appropriate for employment in the finance sector

Encourage peer learning, peer support and collaborative work in implementing international investment strategy

## General Assessment Information

- To provide **early feedback**, you are to complete a self-assessment online quiz to be released in Week 3. Use this quiz 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. Your score on the quiz will not count towards your grade.
- 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.

## Assessment Tasks

Name	Weighting	Hurdle	Due
<a href="#"><u>Class Test</u></a>	20%	No	7 April 2017
<a href="#"><u>Case Study</u></a>	20%	No	26 May 2017 11:59pm AEST
<a href="#"><u>Final Exam</u></a>	60%	No	University examination period

### Class Test

Due: **7 April 2017**

Weighting: **20%**

- The length of the invigilated, in-class test is one hour, with no separate reading time. Further details will be provided on the unit iLearn website
- No extensions will be granted. Students who do not sit the test will be awarded a mark of

0 for the task, except for cases in which an application for disruption of studies is made and approved.

On successful completion you will be able to:

- Develop advanced and integrated understanding of the theory and practice of international investment
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## Case Study

Due: **26 May 2017 11:59pm AEST**

Weighting: **20%**

- Students complete a major assignment on a topical issue in International Investment and Risk chosen by the convenor. Further details will be provided on the unit iLearn website.
- The project is a group task with 50% of the marks allocated to individual performance.
- The project must be submitted via the unit iLearn website.
- 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.

On successful completion you will be able to:

- Develop advanced and integrated understanding of the theory and practice of international investment
- Acquire specialised cognitive and technical skills to independently solve complex problems in financial risk management
- Apply knowledge and skills to demonstrate autonomy, expert judgement, adaptability and responsibility, as appropriate for employment in the finance sector
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## Final Exam

Due: **University examination period**

Weighting: **60%**

- The length of the final exam is 2 hours plus 10 minutes reading time. The exam will cover all topics taught across the entire unit. Further details will be provided on the unit iLearn website.
- 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.
- Non-programmable calculators are allowed, provided that they are not capable of storing text.

On successful completion you will be able to:

- Develop advanced and integrated understanding of the theory and practice of international investment
- Acquire specialised cognitive and technical skills to independently solve complex problems in financial risk management
- Apply knowledge and skills to demonstrate autonomy, expert judgement, adaptability and responsibility, as appropriate for employment in the finance sector

## Delivery and Resources

### Classes

The weekly three hour class time for this unit consists of a two hour seminar and a one hour workshop.

### Timetables

All students are required to attend their timetabled classes. The timetable for classes can be found on the University web site <http://www.timetables.mq.edu.au/>

### Recommended Text

- Hull, J. (2015) Risk Management and Financial Institutions, 4th Edition, Wiley. This book can be purchased from the Macquarie University Co-op Bookshop. We may supplement the text with readings from journals and other textbooks as required.

### Technology Used and Required

- Internet access

- Access to iLearn
- Software for analysing portfolio risks and returns.

## Unit Schedule

Week	Topic
1	International investment
2	Currency risk and hedging
3	Practical issues in international investing
4	Performance evaluation of global portfolios
5	Modelling volatility
6	Class test
7	<i>No class due to Easter holiday</i>
	<i>Recess</i>
8	Modelling correlation and copulas
9	Value-at-Risk, Expected Shortfall and Historic Simulation
10	Model-building approach to Value-at-Risk and Expected Shortfall
11	Credit risk
12	Operational Risk and Economic Capital
13	Case study: presentations

## 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](http://mq.edu.au/policy/docs/academic_honesty/policy.html)

Assessment Policy [http://mq.edu.au/policy/docs/assessment/policy\\_2016.html](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](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](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/](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](http://ask.mq.edu.au).

## Supplementary Examination

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

[http://www.businessandconomics.mq.edu.au/current\\_students/undergraduate/how\\_do\\_i/disruption\\_to\\_studies](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](http://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](http://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/](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 - Capable of Professional and Personal Judgment and Initiative

Our postgraduates will demonstrate a high standard of discernment and common sense in their professional and personal judgment. They will have the ability to make informed choices and decisions that reflect both the nature of their professional work and their personal perspectives.

This graduate capability is supported by:

#### Learning outcomes

- Develop advanced and integrated understanding of the theory and practice of international investment
- Acquire specialised cognitive and technical skills to independently solve complex problems in financial risk management
- Apply knowledge and skills to demonstrate autonomy, expert judgement, adaptability and responsibility, as appropriate for employment in the finance sector
- Encourage peer learning, peer support and collaborative work in implementing international investment strategy

#### Assessment tasks

- Class Test
- Case Study
- Final Exam

### 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

- Develop advanced and integrated understanding of the theory and practice of international investment



- Acquire specialised cognitive and technical skills to independently solve complex problems in financial risk management
- Apply knowledge and skills to demonstrate autonomy, expert judgement, adaptability and responsibility, as appropriate for employment in the finance sector
- Encourage peer learning, peer support and collaborative work in implementing international investment strategy

## **Assessment tasks**

- 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 outcomes**

- Develop advanced and integrated understanding of the theory and practice of international investment
- Acquire specialised cognitive and technical skills to independently solve complex problems in financial risk management
- Apply knowledge and skills to demonstrate autonomy, expert judgement, adaptability and responsibility, as appropriate for employment in the finance sector
- Encourage peer learning, peer support and collaborative work in implementing international investment strategy

## **Assessment tasks**

- Class Test
- Case Study
- Final Exam

## **Changes from Previous Offering**

No significant changes.

## Research and Practice

- This unit uses research from external sources.
- This unit gives you practice in applying research findings in your assignments.
- This unit gives you opportunities to conduct your own research.