



# MGSM836

## Investment Management

Term 3 North Ryde 2018

*MGSM Degree Programs*

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#### Disclaimer

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## General Information

Unit convenor and teaching staff

Peter Kavalamthara

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Mark Stewart

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Credit points

4

Prerequisites

MGSM835 and MGSM840

Corequisites

Co-badged status

Unit description

This unit develops a conceptual framework in the understanding of modern investments. MBA students learn about the investment industry, the risk-return relation, asset allocation between risky and risk-free assets, how optimal portfolios are constructed and why they are constructed the way they are. The unit also provides insights in terms of models that explain the cross-section of stock returns, articulating and considering the market efficiency debate, differences between behavioural finance and rational expectations, bond portfolio management, and portfolio insurance techniques (i.e. hedging with derivatives). The unit concludes by examining portfolio performance measurement as the final step in the investment process.

## 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:

Critically evaluate and assess how investment portfolios are constructed and their performance, using a conceptual framework for, and models that explain the structure, institutions and dynamics of modern investments

Assess and synthesise the differences between behavioural finance and rational expectations in a global investment environment.

Critically assess the impact of the ethical, social and environmental responsibilities of organisations on the construction of optimal portfolios and assessing their performance. Critically analyse stakeholder relationships involved in the construction of portfolios that create and deliver sustainable value across complex market interrelationships

## Assessment Tasks

Name	Weighting	Hurdle	Due
<u>In-class test 1</u>	25%	No	27 July 2018; 31 July 2018
<u>In-class test 2</u>	25%	No	29 July 2018; 21 August 2018
<u>Group assignment</u>	50%	No	26 Aug 2018; 28 Aug 2018

### In-class test 1

Due: **27 July 2018; 31 July 2018**

Weighting: **25%**

**Assessment date for Mark Stewart's class: 27 July 2018**

**Assessment date for Peter John's class: 31 July 2018**

Duration: To be advised

Each In-class test only tests the material covered in class for the preceding modules; that is, In-class test 1 only covers modules delivered prior to In-class test 1.

On successful completion you will be able to:

- Critically evaluate and assess how investment portfolios are constructed and their performance, using a conceptual framework for, and models that explain the structure, institutions and dynamics of modern investments
- Assess and synthesise the differences between behavioural finance and rational expectations in a global investment environment.
- Critically assess the impact of the ethical, social and environmental responsibilities of organisations on the construction of optimal portfolios and assessing their performance.
- Critically analyse stakeholder relationships involved in the construction of portfolios that create and deliver sustainable value across complex market interrelationships

### In-class test 2

Due: **29 July 2018; 21 August 2018**

Weighting: **25%**

**Assessment date for Mark Stewart's class: 29 July 2018**

**Assessment date for Peter John's class: 21 August 2018**

Duration: To be advised

Each In-class test only tests the material covered in class for the preceding modules; that is, In-class test 2 covers all modules delivered.

On successful completion you will be able to:

- Critically evaluate and assess how investment portfolios are constructed and their performance, using a conceptual framework for, and models that explain the structure, institutions and dynamics of modern investments
- Assess and synthesise the differences between behavioural finance and rational expectations in a global investment environment.
- Critically assess the impact of the ethical, social and environmental responsibilities of organisations on the construction of optimal portfolios and assessing their performance.
- Critically analyse stakeholder relationships involved in the construction of portfolios that create and deliver sustainable value across complex market interrelationships

## Group assignment

Due: **26 Aug 2018; 28 Aug 2018**

Weighting: **50%**

**Assessment due date for Mark Stewart's class: 26 August 2018**

**Assessment due date for Peter John's class: 28 August 2018**

5,000 words maximum (excluding appendices). To be submitted via email to [mark.stewart@mq.edu.au](mailto:mark.stewart@mq.edu.au) and in iLearn on 26 August 2018 for Mark Stewart's class and to [peter.kavalamthara@mq.edu.au](mailto:peter.kavalamthara@mq.edu.au) and in iLearn on 28 August 2018 for Peter John's class.

The syndicate assignment covers the entire unit and prerequisite courses. Please include email addresses of all syndicate group members on the title page.

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

50% of the marks for the assignment (i.e. out of 25 marks) will be assessed based on individual contribution. Students will be required to complete a Self and Peer Assessment form so that the contribution of individual members in a group can be identified and assessed. Further instructions will be provided on iLearn.

Marking criteria will be made available in class.

On successful completion you will be able to:

- Critically evaluate and assess how investment portfolios are constructed and their performance, using a conceptual framework for, and models that explain the structure, institutions and dynamics of modern investments
- Assess and synthesise the differences between behavioural finance and rational expectations in a global investment environment.
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- Critically analyse stakeholder relationships involved in the construction of portfolios that create and deliver sustainable value across complex market interrelationships

## Delivery and Resources

### Required Text

Bodie, Z., Kane, A. & Marcus, A. (2017) Investments, 11th edition, McGraw Hill, ISBN: 9781259277177

For information on textbook prices and online ordering, please refer to the Co-Op Bookshop webpage at <http://www.coop.com.au>

### Supplementary References and Additional Learning Materials

There are numerous investment texts and professional investment periodicals. You are encouraged to read widely. Supplemental readings and periodical references, respectively, include:

- Bogle, J. The Little Book of Common Sense Investing, John Wiley & Sons, Inc., Hoboken, N.J., 2007.
- Brailsford, T., Heaney, R., and Bilson, C. Investments: Concepts and Applications, 2nd ed., South Melbourne: Thomson, 2004.
- Graham, B. with Zweig, J. The Intelligent Investor, Revised Ed., HarperCollins Publishers Inc., New York, 2003.
- Greenwald, B., Kahn, J., Sonkin, P., and van Biema, M. Value Investing: From Graham to Buffett and Beyond, Hoboken, NJ: John Wiley & Sons, Inc.; 2001.
- Jones, C., Shamsuddin, A; and Naumann, K.; Investments: Analysis and Management, 2nd ed., Milton, Qld: John Wiley & Sons Australia, Ltd, 2007.
- Viney, C. McGrath's Financial Institutions, Instruments and Markets, 4th ed., Sydney: McGraw-Hill, 2003.

*Professional Investor, Personal Investor, The Journal of Investing, Financial Services Review,*

*Money Management, JASSA (The Journal of the Securities Institute of Australia), The Economist, The Australian Financial Review, Business Review Weekly.*

## **MGSM iLearn**

The web page for this unit can be found at: <https://ilearn.mq.edu.au/login/MGSM>

# **Unit Schedule**

## **Block class – Mark Stewart:**

Saturday	21 July 2018	9am - 5pm
Sunday	22 July 2018	9am - 5pm
Friday	27 July 2018	9am - 5pm
Saturday	28 July 2018	9am - 5pm
Sunday	29 July 2018	9am - 5pm

## **Weekly class – Peter John:**

Tuesday 9am – 1pm (Starts: 26 June 2018)

Students are required to attend all classes.

The unit will be presented as follows:

Session	Topic	Required Textbook Reading
1	The Investment Environment	Chapters 1-5
2	Investment Return and Risk	Chapters 6-7
3	Individuals and Investing	Chapters 9-10
4	Managed Funds Basics; Measuring Managed Funds Performance; Critiquing Managed Funds	Chapters 4 & 24
5	Investing in Shares	Chapters 17 & 25
6	Investing Principles	Chapters 18-19
7	Bond Investments; Bond Valuation; Investment Strategies	Chapters 14-16

8	Market Efficiency and Behavioural Finance	Chapters 11-12
9	Other Investments: Preference Shares; Convertibles; Derivatives; Hedge Funds; Other Tangibles	Chapters 21, 22 & 26
10	Discussion Session on Project; Integration & Review	

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central>). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#) (**Note:** *The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.*)

Undergraduate students seeking more policy resources can visit the [Student Policy Gateway](https://students.mq.edu.au/support/study/student-policy-gateway) (<https://students.mq.edu.au/support/study/student-policy-gateway>). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/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/study/getting-started/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](https://ask.mq.edu.au).

## 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 - 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

- Critically evaluate and assess how investment portfolios are constructed and their performance, using a conceptual framework for, and models that explain the structure, institutions and dynamics of modern investments
- Assess and synthesise the differences between behavioural finance and rational expectations in a global investment environment.



- Critically assess the impact of the ethical, social and environmental responsibilities of organisations on the construction of optimal portfolios and assessing their performance.
- Critically analyse stakeholder relationships involved in the construction of portfolios that create and deliver sustainable value across complex market interrelationships

## **Assessment tasks**

- In-class test 1
- In-class test 2
- Group assignment

## **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**

- Critically evaluate and assess how investment portfolios are constructed and their performance, using a conceptual framework for, and models that explain the structure, institutions and dynamics of modern investments
- Assess and synthesise the differences between behavioural finance and rational expectations in a global investment environment.
- Critically assess the impact of the ethical, social and environmental responsibilities of organisations on the construction of optimal portfolios and assessing their performance.
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## **Assessment tasks**

- In-class test 1
- In-class test 2
- Group assignment

## **Changes from Previous Offering**

No changes from previous offering.

## **Alignment with MGSM's mission-driven attributes**

**Leadership:** Develop skills required of leaders with respect to the synthesis of a wide array of

economics information in order to make well-informed and financially robust strategic decisions.

**Global mindset:** Assessment of the implications of global activity and strategic decisions from an entity perspective, across a wide spectrum of stakeholders.

**Citizenship:** Apply a true and fair view approach to matters of economic policy making and implementation related to business strategies through consideration of the wider stakeholder implications which may arise from such policies and the subsequent business decisions.

**Creating sustainable value:** Adoption of a forward-looking perspective on the impact of decisions on the financial position and performance of the entity.

## Attendance Policy (MGSM)

The interactive environment of the classroom is central to the MGSM experience. Students are required to attend the full duration of all classes for the units in which they are enrolled. We recognise that exceptional circumstances may occur, such as unavoidable travel on behalf of your organization or the serious illness or injury of you or a close family member.

Special consideration may be given for a maximum of 20% non-attendance for such circumstances as long as lecturers are contacted in advance, and supporting documentation provided, to request exemption from attendance. Failure to abide by these conditions may result in automatic withdrawal, with academic and/or financial penalty. The full Student Attendance Policy is published in the MGSM Student Handbook at <https://students.mgsm.edu.au/handbook>.

## Content Disclaimer

These unit materials and the content of this unit are provided for educational purposes only and no decision should be made based on the material without obtaining independent professional advice relating to the particular circumstances involved.

## Changes since First Published

Date	Description
25/06/2018	Added block class of Mark Stewart.
06/06/2018	Replaced reference to Disruption to Studies policy with reference to Special Consideration policy.