AFIN818

Investments

S1 Day 2019

Department of Applied Finance

Contents

General Information 2

Learning Outcomes 2

General Assessment Information 3

Assessment Tasks 3

Delivery and Resources 6

Unit Schedule 7

Policies and Procedures 8

Graduate Capabilities 10

Research and Practice 11

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General Information

Unit convenor and teaching staff
Unit convenor
Jianlei Han
jianlei.han@mq.edu.au
Contact via Refer to iLearn
Room 751 Building E4A
Refer to iLearn

Lecturer
Lei Shi
lei.shi@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.

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 Tasks

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

Online Quiz

Due: **Weekly**
Weighting: **10%**

Task Description:
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 will be given two weeks to complete each online 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.

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.

Type of Collaboration: Individual **Submission:** Online via ilearn **Format:** Randomly selected questions from a test-bank **Length:** Refer to ilearn **Inherent Task Requirements:** Refer to ilearn **Late Submission:** 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 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.
- 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%**

Task Description:
The assessed coursework covers: in-class quizzes and homework.

There will be two random quizzes relating to your homework during the semester each worth a maximum of 2.5%. The quiz questions can be on any topic covered up to and including the last week.

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 and the paper will be collected at the end of class.

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.

Type of Collaboration: Individual for both quizzes and homework tasks Submission: In class Format: Refer to ilearn Length: Refer to ilearn Inherent Task Requirements: Refer to ilearn Late Submission: 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 special consideration is made and approved.

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.
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Case Study

Due: **Refer iLearn**
Weighting: **20%**

Task Description:
You will be given a case problem that requires analysis of a given data set.

Please refer to iLearn for details.

Type of Collaboration: Individual **Submission:** Submission for the case study is via the unit iLearn website. **Format:** Refer to ilearn **Length:** Refer to ilearn **Inherent Task Requirements:** Refer to ilearn **Late Submission:** 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.
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.
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- Explain macroeconomic and industry analysis, equity valuation and financial statement analysis.

Final Examination

Due: **University Examination Period**
Weighting: **60%**

Task Description:
The final exam covers all the materials and topics studied throughout the semester. **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.

Type of Collaboration: Individual **Submission:** In class during examination period **Format:** Refer to ilearn **Length:** Two and a half hours plus 10 minutes reading time **Inherent Task Requirements:** Refer to ilearn **Late Submission:** 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 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.
- Characterise the implications of the market efficiency evidence on active portfolio management.
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- Explain macroeconomic and industry analysis, equity valuation and financial statement analysis.

Delivery and Resources

Required Text:	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.
Unit Web Page:	See timetable for classes on the University web site at: http://www.timetables.mq.edu.au/ Important handouts can be downloaded from the unit's iLearn site. 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.
Technology Used and Required:	

Delivery Format and Other Details:	**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. 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.
Recommended Readings:	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.
Other Course Materials:	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.

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
Week 7	No class - time available to work on case assignment task	

Acad. Week	Topics	Readings
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 (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). 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/p

olicy-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 published on platform other than eStudent, (eg. iLearn, Coursera etc.) 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 or if you are a Global MBA student contact globalmba.support@mq.edu.au

Supplementary Exams

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

http://www.businessandeconomics.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

If you are a Global MBA student contact globalmba.support@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.