



ECFS992

Alternative Assets

AFC Term 4 City 2019

Department of Applied Finance

Contents

<u>General Information</u>	2
<u>Learning Outcomes</u>	2
<u>General Assessment Information</u>	3
<u>Assessment Tasks</u>	3
<u>Delivery and Resources</u>	6
<u>Unit Schedule</u>	8
<u>Learning and Teaching Activities</u>	9
<u>Policies and Procedures</u>	9
<u>Graduate Capabilities</u>	11
<u>Changes from Previous Offering</u>	12
<u>Important Notice</u>	13

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 / Lecturer

Al Clark

al.clark@mq.edu.au

Contact via Email

Credit points

2

Prerequisites

(Admission to MAppFin or MAppFin(Adv) or GradDipAppFin) and (AFCP801 or ECFS865)

Corequisites

Co-badged status

Unit description

This unit is designed as an introduction to alternative assets and covers the 3 broad categories of alternative investments, namely 'real assets', hedge funds and private equity. The unit examines the basic strategies and techniques within each of these categories, their return and risk characteristics and the potential role they play within an investment portfolio. Alternative assets introduce different risks than traditional assets and so a focus is given to their contribution to liquidity, fees, risk budgeting and factor analysis to help better understand the costs and benefits from a portfolio context. The unit content will also explore the contemporary challenges facing the alternative investments industry, providing context around issues like insider trading, fees and regulatory constraints.

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:

Identify and explain the features of the alternative investment industry and the key characteristics of the different investment categories.

Critically analyse a range of techniques and strategies employed by alternative investment managers, including a comparison to more traditional investment strategies.

Demonstrate the technical skills required to evaluate the attractiveness of different

alternative investments with respect to pricing, valuation and liquidity.

Apply the research principles and methods utilised to incorporate alternative investments into an investment portfolio. This includes an application of factor analysis and risk budgeting.

Identify and analyse contemporary challenges and issues in the alternative investment industry.

General Assessment Information

To pass this unit the student needs to (1) Achieve an aggregate mark of 50 or more, and; (2) Pass the Final Exam.

Assessment Tasks

Name	Weighting	Hurdle	Due
<u>Class Presentation</u>	10%	No	Refer to iLearn
<u>Case Study / Assignment</u>	30%	No	Refer to iLearn
<u>Final Exam</u>	60%	Yes	Refer to Timetable

Class Presentation

Due: **Refer to iLearn**

Weighting: **10%**

Summary of Assessment Task

Individual / Group: Individual.

Due Date: During the lecture series.

Submission Method: In class.

Duration: Up to 10 minute presentation.

Extension Requests:

- Students who do not attend receive a mark of zero. This penalty does not apply in cases where an application for Special Consideration has been made and approved.
- Note: Applications for Special Consideration must be made within 5 (five) business days of the due date and time.
- Refer to MAFC Program Rules at <https://mafcstudents.mq.edu.au/> for information on the University's [Special Consideration Policy](#).

Other Information:

- Research and analyse an alternative investment strategy available for investors.
- Critically assess the investment process pursued by the manager, with specific reference to sources of return, sources of risk and the ability to generate alpha.
- Discuss the challenges faced by this strategy and your view on the potential future returns.
- Be prepared to answer questions on your analysis during the class presentation.

On successful completion you will be able to:

- Critically analyse a range of techniques and strategies employed by alternative investment managers, including a comparison to more traditional investment strategies.
- Identify and analyse contemporary challenges and issues in the alternative investment industry.

Case Study / Assignment

Due: **Refer to iLearn**

Weighting: **30%**

Summary of Assessment Task

Individual / Group: Individual.

Due Date: Refer to the unit's iLearn site.

Submission Method: Online via Turnitin on the unit's iLearn site.

Duration: Refer to the Assignment section in iLearn.

Extension Requests:

- 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 incurs a 20% penalty). This penalty does not apply for cases in which an application for Special Consideration is made and approved.
- Late submissions will be accepted up to 96 hours after the due date and time.
- Note: Applications for Special Consideration must be made within 5 (five) business days of the due date and time.
- Refer to MAFC Program Rules at <https://mafcstudents.mq.edu.au/> for information on the University's [Special Consideration Policy](#).

Other Information: The assignment will be posted to iLearn on completion of the lectures.

On successful completion you will be able to:

- Demonstrate the technical skills required to evaluate the attractiveness of different alternative investments with respect to pricing, valuation and liquidity.
- Apply the research principles and methods utilised to incorporate alternative investments into an investment portfolio. This includes an application of factor analysis and risk budgeting.
- Identify and analyse contemporary challenges and issues in the alternative investment industry.

Final Exam

Due: **Refer to Timetable**

Weighting: **60%**

This is a hurdle assessment task (see [assessment policy](#) for more information on hurdle assessment tasks)

Summary of Assessment Task

Individual / Group: Individual.

Due Date: Refer to Timetable.

Submission Method: As per MAFC Program Rules at <https://mafcstudents.mq.edu.au/>.

Duration: 2 hours plus 10 minutes reading time

Examination Conditions:

- All examinations are closed book. **Only non-programmable calculators (no text/storage retrieval) are permitted to be used in the exam.**
- Exam times and locations are available at <https://www.mq.edu.au/about/about-the-university/faculties-and-departments/business/study-with-us/macquarie-applied-finance-centre/timetables>.
- Refer to MAFC Program Rules at <https://mafcstudents.mq.edu.au/>.

Extension Requests:

- You are expected to present yourself for examination at the time and place designated in the relevant MAFC Timetable at <https://www.mq.edu.au/about/about-the-university/faculties-and-departments/business/study-with-us/macquarie-applied-finance-centre/timetables>.
- Deferral of an examination is not permitted unless an application for Special Consideration is made and approved.
- Students who do not attend receive a mark of zero. This penalty does not apply in cases where an application for Special Consideration has been made and approved.
- Note: Applications for Special Consideration must be made within 5 (five) business days

of the due date and time.

- Refer to MAFC Program Rules at <https://mafstudents.mq.edu.au/> for information on the University's [Special Consideration Policy](#).

Other Information:

- The exam will test students' understanding of the industry, the strategies, and the portfolio management issues related to alternative assets.
- No paper notes or materials are allowed to be taken into the exam room by students. No scrap paper will be allowed out of the exam room afterwards.

On successful completion you will be able to:

- Identify and explain the features of the alternative investment industry and the key characteristics of the different investment categories.
- Critically analyse a range of techniques and strategies employed by alternative investment managers, including a comparison to more traditional investment strategies.
- Demonstrate the technical skills required to evaluate the attractiveness of different alternative investments with respect to pricing, valuation and liquidity.
- Apply the research principles and methods utilised to incorporate alternative investments into an investment portfolio. This includes an application of factor analysis and risk budgeting.
- Identify and analyse contemporary challenges and issues in the alternative investment industry.

Delivery and Resources

CLASSES

Face-to-Face Teaching: Generally 20 hours.

Timetable: Detailed timetable for classes are available at <https://www.mq.edu.au/about/about-the-university/faculties-and-departments/business/study-with-us/macquarie-applied-finance-centre/timetables>.

Consultation Times:

Students who wish to contact any of the teaching staff may do so through:

- The unit's iLearn site, in relation to general queries (so that all students may benefit); or
- Individual consultation with the lecturer by email in the first instance, if necessary.

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

Text: Nil.

Additional Readings:

- Case study materials and required readings are available via iLearn.
- Additional discussion data will be placed on iLearn.
- Students should assume these materials, readings and data are not examinable unless otherwise advised by the lecturer.

Lecture Notes: Available via iLearn.

Study Problems: Students are required to work systematically through suggested technical examples. These examples will not be collected but they will help you prepare for the exams.

Pre-unit Materials: Information papers on statistics, regression, accounting and other material may be found at <http://mafcstudents.mq.edu.au/new-to-mafc/pre-course-materials/>. Students should work through this material prior to commencing the degree. The material will remain a useful reference as students progress through the program.

Useful Article References:

- Introductory articles are available via iLearn.
- Other articles are also available via iLearn.
- The lecturer will advise which articles are examinable.

Calculators: Only non-programmable calculators (no text/storage retrieval) are permitted to be used in the exam.

Assumed Access: Access to a computer with word processing and spreadsheet capability is assumed, as is general student computer literacy.

TECHNOLOGY USED AND REQUIRED

Unit iLearn Site:

- Found by logging on to iLearn ilearn.mq.edu.au, then clicking on **ECFS992 Alternative Assets**.
- This is where you will find forums, downloadable resources and links to important pages.
- The forum allows you to communicate with other students and lecturer(s) and may provide supplementary material.
- You are requested to post your questions on the forums at least 24 hours prior to the assignment submission date or the examination date. Questions posted after that time may not be answered. **Do not leave your questions to the last few days.**

Important:

- It is important that you familiarise yourself with the unit's iLearn site.
- Students should check the unit's iLearn site regularly (minimum twice a week and prior to all lectures) and look for updates and distribution of materials (including case studies) related to the unit or assessments and, if relevant, participate in forum discussions.

Unit Schedule

SESSION 1

Topics:

- Introduction
 - Review of unit outline
- What are Alternative Assets?
 - Building up of a formal definition
- Features of the three main categories
 - Real assets
 - Hedge funds
 - Private equity
- Democratisation of Alternatives
 - Liquid alts
 - Alternative risk premia

SESSION 2

- Trading Techniques
 - Use of derivatives
 - Leverage
 - Short selling
- Investment Strategies
 - Macro
 - Equity
 - Event driven
 - Relative value

SESSION 3

- Class Presentation
 - 10 min per presenter including questions

SESSION 4

- Mean Variance Optimisation
- Role of Alternatives in Portfolios
- Alternative Expected Returns
- Alternative Portfolio Construction techniques
- Factor Analysis

SESSION 5

- Performance Measurement in Alternatives
- Alternative Indexing
- Fees

SESSION 6

- Contemporary Issues and Challenges facing Alternative Assets

Learning and Teaching Activities

Strategy

The Master of Applied Finance degree adopts a deep teaching and learning strategy, in which students acquire and retain knowledge and also are able to make sense of the issues and concepts and apply them in the “real world”. The degree relies heavily on student engagement and participation by: (a) Continuous learning throughout the term. This is encouraged through a combination of students undertaking prescribed reading throughout the units and/or completion of practice problems, case studies, assignments, class presentations etc and interaction via forums in the unit’s iLearn site; and (b) Assessments, which enable the student to demonstrate his/her understanding of the learning objectives achieved through the continuous learning.

Student Participation

Students participate in this unit by: (a) Attending lectures and participating in class discussion; (b) Before each class, completing the recommended readings of notes and text, and working systematically through suggested problem sets; (c) Interacting on the unit’s iLearn site; and (d) Completing all assessment tasks and exams. On average, the unit will require students to complete, for every hour of class time, approximately 3 hours private study.

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](http://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<http://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 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

Students should also consult the MAFC Program Rules found at <https://mafcstudents.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) 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 enquiry service (MAFC-specific)

For all student enquiries, please contact studentsupport@mafc.mq.edu.au

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 outcome

- Identify and explain the features of the alternative investment industry and the key characteristics of the different investment categories.

Assessment task

- 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

- Demonstrate the technical skills required to evaluate the attractiveness of different alternative investments with respect to pricing, valuation and liquidity.
- Apply the research principles and methods utilised to incorporate alternative investments into an investment portfolio. This includes an application of factor analysis and risk budgeting.
- Identify and analyse contemporary challenges and issues in the alternative investment industry.

Assessment tasks

- Case Study / Assignment
- Final Exam

PG - Effective Communication

Our postgraduates will be able to communicate effectively and convey their views to different social, cultural, and professional audiences. They will be able to use a variety of technologically supported media to communicate with empathy using a range of written, spoken or visual formats.

This graduate capability is supported by:

Learning outcomes

- Critically analyse a range of techniques and strategies employed by alternative investment managers, including a comparison to more traditional investment strategies.
- Identify and analyse contemporary challenges and issues in the alternative investment industry.

Assessment tasks

- Class Presentation
- Final Exam

Changes from Previous Offering

Note: ECFS992 Alternative Assets was previously known as Hedge Funds.

ECFS992 has broadened beyond hedge funds to now include the full range of alternative investments, namely real assets, hedge funds and private equity. The unit explores the investment strategies utilised within each category and the role they play in constructing a diversified portfolio.

Important Notice

This Unit Guide may be subject to change. Students will be advised, via an "Announcement" on iLearn, if the Unit Guide is changed.

The latest version is available at <https://unitguides.mq.edu.au/>.

Students should read the Unit Guide carefully at the start of term. It contains important information about the unit. If anything is unclear, please consult one of the unit lecturers.