



ECFS845

Applied Portfolio Management

AFC Term 2 City 2019

Department of Applied Finance

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General Information

Unit convenor and teaching staff Unit Convenor / Lecturer Dan Daugaard dan.daugaard@mafc.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 considers the practical issues of money management. It reviews the major trends currently occurring in the funds management industry and the opportunities observed in financial markets. A significant portion of the unit is devoted to syndicate-style case studies. This provides an opportunity to explore the strategies and techniques employed by successful investment managers.

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:

Understand and critically evaluate how investment techniques and industry trends impact and influence the activities of major industry players.

Identify patterns in security prices and construct portfolios to benefit from these patterns.

Identify the attributes and comprehend the issues when implementing asset allocation and protection strategies.

Understand the impact that investment choices have on optimal portfolio weights, return patterns and performance metrics.

Apply group work knowledge and skills for effective collaboration.

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>Assignment & Case Studies (2)</u>	40%	No	Refer to iLearn
<u>Final Exam</u>	60%	Yes	Refer to Timetable

Assignment & Case Studies (2)

Due: **Refer to iLearn**

Weighting: **40%**

Summary of Assessment Task

Individual / Group: Group.

Due Date: Refer to iLearn.

Submission Method: Group case study presentation delivered in class; and Group case study report and assignment handed in via Turnitin on the unit's iLearn site.

Duration: Objectives and timing to be explained in class.

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 www.mafc.mq.edu.au for information on the University's [Special Consideration Policy](#).

Other Information: Material for case studies are contained in the unit notes. Additional materials will be distributed in class and the assignment and data will be placed on iLearn.

On successful completion you will be able to:

- Understand and critically evaluate how investment techniques and industry trends impact and influence the activities of major industry players.
- Identify patterns in security prices and construct portfolios to benefit from these patterns.
- Identify the attributes and comprehend the issues when implementing asset allocation and protection strategies.
- Understand the impact that investment choices have on optimal portfolio weights, return patterns and performance metrics.
- Apply group work knowledge and skills for effective collaboration.

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 www.mafc.mq.edu.au

Duration: 2 hours plus 10 minutes reading time.

Examination Conditions:

- All examinations are open book. Any material and aid is permitted.
- Exam times and locations are noted in the unit timetable at www.mafc.mq.edu.au.
- Refer to MAFC Program Rules at www.mafc.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 www.mafc.mq.edu.au.
- 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 www.mafc.mq.edu.au for information on the University's [Special Consideration Policy](#) or non-attendance at an examination.

On successful completion you will be able to:

- Understand and critically evaluate how investment techniques and industry trends impact and influence the activities of major industry players.
- Identify patterns in security prices and construct portfolios to benefit from these patterns.
- Identify the attributes and comprehend the issues when implementing asset allocation and protection strategies.
- Understand the impact that investment choices have on optimal portfolio weights, return patterns and performance metrics.

Delivery and Resources

CLASSES

Face-to-Face Teaching: Generally 20 hours.

Timetable: Detailed timetable for classes are on the Centre's website at www.mafc.mq.edu.au

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

Suggested Text: Elton, Gruber, Brown & Goetzmann: *Modern Portfolio Theory and Investment Analysis*, Wiley.

Additional Readings:

- Additional readings are included in the unit notes and will be placed on iLearn.
- **Students should assume these readings are examinable unless otherwise advised.**

Lecture Notes: Available in printed form and electronically via iLearn.

Pre-course Knowledge:

The Gateway units of the Graduate Certificate in Finance represent the pre-course knowledge required to successfully study the advanced applied finance units of the Masters of Applied Finance and the Graduate Diploma of Applied Finance. Please refer to the following page for instructions on reviewing the unit guides for the gateway units: <http://mafcstudents.mq.edu.au/new-to-mafc/pre-course-materials/>

Useful References:

- Bodie, Kane & Marcus; Investments, McGraw Hill.

- Grinold & Kahn, Active Portfolio Management, McGraw Hill.
- Stewart, Piros & Heisler, Running Money – Professional Portfolio Management

Calculators:

- A financial calculator that can handle time value of money calculations, logs and power functions is required.
- The Hewlett Packard calculator hp17bII+ is recommended.
- In examinations, hand held calculators are permitted. Mobile phones and computers are not permitted.

Assumed Access:

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

TECHNOLOGY USED AND REQUIRED

Unit iLearn Site:

- Found by logging on to iLearn ilearn.mq.edu.au, then clicking on **ECFS845 Applied Portfolio Management**.
- This is where you will find links to forums, downloadable resources and other important pages.
- Forums allow you to communicate with other students and lecturer(s) and may provide supplementary material.
- You are requested to post questions to the forum at least 24 hours prior to the assignment submission date or the examination date. Questions posted after that time may not be answered. **Please try to not leave your questions to the last few days.**

Important Notice:

- It is important that you familiarise yourself with iLearn.
- All students should check iLearn 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 I. INVESTMENT INDUSTRY OVERVIEW: INVENTIONS AND TRENDS

Topics:

- A review of Investment theories and techniques: Origins, MPT, MFM and BFT

- Trends and developments occurring in the industry
- An overview of the major players

SESSION II. CAPTURING INVESTMENT OPPORTUNITIES: ASSET RETURN PATTERNS AND PORTFOLIO IMPLEMENTATION

Topics:

- The anomalies and behaviour of security prices
- The Global Volatility Premium
- The equity risk premium
- ESG Investing
- Smart Beta
- Growth in ETFs
- How can we turn ideas into portfolios?
- Case Study One Objectives

SESSION III. ASSET ALLOCATION

Topics:

- A surplus framework
- Modern tactical asset allocation
- Adaptive strategies
- Criticisms of optimisation
- The fundamental law

SESSION IV. PROTECTIVE STRATEGIES

Topics:

- Portfolio construction solutions - protecting the downside
- Financial engineering approaches – buying options, replicating options, portfolio insurance

Case Studies:

- Case Study One Syndicate Presentations
- Case Study Two Objectives

SESSION V. PERFORMANCE EVALUATION

Topics:

- Review of performance measures
- Multiple factor performance evaluation
- Non symmetrical performance measures

Case Studies and Assignment:

- Case Study Two Syndicate Presentations
- Assignment Objectives

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 at <http://www.mafc.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.

Learning Skills

Learning Skills (www.students.mq.edu.au/support/learning_skills/) 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 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

- Understand and critically evaluate how investment techniques and industry trends impact and influence the activities of major industry players.
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- Apply group work knowledge and skills for effective collaboration.

Assessment tasks

- Assignment & Case Studies (2)
- 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

- Understand and critically evaluate how investment techniques and industry trends impact and influence the activities of major industry players.
- Identify patterns in security prices and construct portfolios to benefit from these patterns.
- Identify the attributes and comprehend the issues when implementing asset allocation and protection strategies.
- Understand the impact that investment choices have on optimal portfolio weights, return patterns and performance metrics.
- Apply group work knowledge and skills for effective collaboration.

Assessment tasks

- Assignment & Case Studies (2)
- 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 outcome

- Apply group work knowledge and skills for effective collaboration.

Assessment task

- Assignment & Case Studies (2)

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.