



AFIN8013

Alternative Securities

Session 1, In person-scheduled-weekday, North Ryde 2023

Department of Applied Finance

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General Information

Unit convenor and teaching staff

Unit Convenor

Keith Woodward

keith.woodward@mq.edu.au

Contact via ilearn discussion board for subject related questions, email for personal matters, thank you

See ilearn

Credit points

10

Prerequisites

AFIN6012 or ACST603 or ACST6003 or Admission to MFin

Corequisites

Co-badged status

Unit description

In the era of significant market turmoil, institutional, as well as individual investors look beyond traditional investment vehicles such as bonds and shares. Alternative investments are the fastest growing, and probably the least understood, sector of the investment industry. The purpose of this unit is to explore the world of alternative investments such as investments in hedge funds, private equity / venture capital funds, real estate, and commodities, either directly or through funds of funds. The unit gives students a solid understanding of the industry knowledge and techniques that should be part of the toolkit of any money manager who advises private and institutional clients on the inclusion of alternative investments in their portfolio.

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:

ULO1: Examine the common features of alternative investments and their markets and distinguish among the principal classes of alternative investments.

ULO2: Apply valuation techniques to price alternative investments.

ULO3: Assess the benefits, such as return enhancement and/or risk diversification.

ULO4: Construct and evaluate a portfolio with alternative investments.

General Assessment Information

Late Assessment Submission Penalty (written assessments)

Unless a Special Consideration request has been submitted and approved, a 5% penalty (of the total possible mark) will be applied each day a written assessment is not submitted, up until the 7th day (including weekends). After the 7th day, a grade of '0' will be awarded even if the assessment is submitted. Submission time for all written assessments is set at 11.55pm. A 1-hour grace period is provided to students who experience a technical concern.

For any late submissions of time-sensitive tasks, such as scheduled tests, exams, performance assessments, presentations, or scheduled practical assessments, students need to submit an application for [Special Consideration](#).

Assessment Tasks

Name	Weighting	Hurdle	Due
Online Quiz	5%	No	18:00 to 18:45 Sydney time Friday 24 Mar
Mid Session Test	20%	No	17:00 to 18:30 Sydney time Friday 28 Apr.
Assignment	20%	No	23:59 Sydney time Sunday 14 May
Final Examination	55%	No	University examination period

Online Quiz

Assessment Type ¹: Quiz/Test

Indicative Time on Task ²: 2 hours

Due: **18:00 to 18:45 Sydney time Friday 24 Mar**

Weighting: **5%**

The online quiz will consist of 5 to 10 questions and will be available on iLearn. Please use the quiz result as an indicator of whether you are progressing satisfactorily in the unit.

On successful completion you will be able to:

- Examine the common features of alternative investments and their markets and distinguish among the principal classes of alternative investments.
- Apply valuation techniques to price alternative investments.

- Assess the benefits, such as return enhancement and/or risk diversification.

Mid Session Test

Assessment Type ¹: Quiz/Test

Indicative Time on Task ²: 15 hours

Due: **17:00 to 18:30 Sydney time Friday 28 Apr.**

Weighting: **20%**

A mid session test of 90 minutes will be held in class.

On successful completion you will be able to:

- Examine the common features of alternative investments and their markets and distinguish among the principal classes of alternative investments.
- Apply valuation techniques to price alternative investments.
- Assess the benefits, such as return enhancement and/or risk diversification.
- Construct and evaluate a portfolio with alternative investments.

Assignment

Assessment Type ¹: Report

Indicative Time on Task ²: 20 hours

Due: **23:59 Sydney time Sunday 14 May**

Weighting: **20%**

Students will conduct quantitative and qualitative analysis and write a report of 1,500 - 2,500 words.

On successful completion you will be able to:

- Apply valuation techniques to price alternative investments.
- Assess the benefits, such as return enhancement and/or risk diversification.
- Construct and evaluate a portfolio with alternative investments.

Final Examination

Assessment Type ¹: Examination

Indicative Time on Task ²: 18 hours

Due: **University examination period**

Weighting: **55%**

A two hour exam will be held during University Examination Period.

On successful completion you will be able to:

- Examine the common features of alternative investments and their markets and distinguish among the principal classes of alternative investments.
- Apply valuation techniques to price alternative investments.
- Assess the benefits, such as return enhancement and/or risk diversification.
- Construct and evaluate a portfolio with alternative investments.

¹ If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- the [Writing Centre](#) for academic skills support.

² Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation

Delivery and Resources

Please refer to iLearn.

Unit Schedule

Lecture	Tuesday date	Topic
1	21 Feb	Private equity, venture capital and hedge funds: Strategies and examples.
2	28 Feb	Leverage: amplification of equity returns and interest tax shields.
3	7 Mar	Leverage and the CAPM: how debt funding affects the systematic and diversifiable risk of equity.
4	14 Mar	Duration and Minsky's financial instability hypothesis.
5	21 Mar	Equity as a call option on the firm's assets: Merton model. Online quiz (5%) from 18:00 to 18:45 Sydney time Friday 24 Mar.
6	28 Mar	Distributions of prices and returns: normal versus log-normal distributions.
7	4 Apr	General equilibrium models of asset pricing: Lucas' trees.

Mid-session break from Monday 10 Apr to Sunday 23 Apr.		
8	25 Apr	Mid-session test (20%) covering lecture topics 1 to 7 inclusive. From 17:00 to 18:30 Sydney time Friday 28 Apr.
9	2 May	Assignment workshop.
10	9 May	The limits of arbitrage. Assignment (20%) due 23:59 Sydney time Sunday 14 May.
11	16 May	Latane, Peters, the Kelly criterion and ergodicity.
12	23 May	Return forecasts based on historical data with sampling error.
13	30 May	Revision.

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au). 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](#)
- [Assessment Procedure](#)
- [Complaints Resolution Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#)

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

To find other policies relating to Teaching and Learning, visit [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au) and use the [search tool](#).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/admin/other-resources/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

Academic Integrity

At Macquarie, we believe [academic integrity](#) – honesty, respect, trust, responsibility, fairness and courage – is at the core of learning, teaching and research. We recognise that meeting the expectations required to complete your assessments can be challenging. So, we offer you a range of resources and services to help you reach your potential, including free [online writing and maths support](#), [academic skills development](#) and [wellbeing consultations](#).

Supplementary exams

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

The Writing Centre

[The Writing Centre](#) provides resources to develop your English language proficiency, academic writing, and communication skills.

- [Workshops](#)
- [Chat with a WriteWISE peer writing leader](#)
- [Access StudyWISE](#)
- [Upload an assignment to Studiosity](#)
- [Complete the Academic Integrity Module](#)

The Library provides online and face to face support to help you find and use relevant information resources.

- [Subject and Research Guides](#)
- [Ask a Librarian](#)

Student Services and Support

Macquarie University offers a range of [Student Support Services](#) including:

- [IT Support](#)
- [Accessibility and disability support](#) with study
- Mental health [support](#)
- [Safety support](#) to respond to bullying, harassment, sexual harassment and sexual assault
- [Social support including information about finances, tenancy and legal issues](#)

- [Student Advocacy](#) provides independent advice on MQ policies, procedures, and processes

Student Enquiries

Got a question? Ask us via [AskMQ](#), or contact [Service Connect](#).

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.

Changes since First Published

Date	Description
02/02/2023	.