AFIN3052
Applied Portfolio Management
Session 1, In person-scheduled-weekday, North Ryde 2024
Department of Applied Finance

Contents

General Information 2
Learning Outcomes 2
General Assessment Information 3
Assessment Tasks 3
Delivery and Resources 5
Unit Schedule 6
Policies and Procedures 6

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
Convenor, Lecturer
Lei Shi
l.shi@mq.edu.au
Contact via Email
4ER 517
Thu 10-12

Credit points
10

Prerequisites
20cp at 2000 level including (AFIN252 or ((ACST201 or ACST2001 or ACST202 or ACST2002) and AFIN250 or AFIN2050))

Corequisites

Co-badged status

Unit description
This unit provides students with the analytical skills and techniques required to effectively construct diversified portfolios of securities. The unit prepares students for asset allocation management and performance assessment of diversified portfolios. Issues relating to the management of portfolios containing options, futures and other derivatives will also be examined.

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 investment decision making processes from the perspective of the portfolio manager.
ULO2: Define and critique various approaches to asset allocation.
ULO3: Compare and contrast the alternative asset allocation tools to construct portfolios and its role in industry practice.
ULO4: Source and analyse real financial data as applied to portfolio management and
work in groups and individually to communicate the findings clearly and effectively in a professional environment.

**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, and/or scheduled practical assessments/labs, students need to submit an application for Special Consideration.

**Assessment Tasks**

<table>
<thead>
<tr>
<th>Name</th>
<th>Weighting</th>
<th>Hurdle</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mid Session Test</strong></td>
<td>20%</td>
<td>No</td>
<td>Week 8</td>
</tr>
<tr>
<td><strong>Group Assignment</strong></td>
<td>30%</td>
<td>No</td>
<td>Week 10-12</td>
</tr>
<tr>
<td><strong>Final Examination</strong></td>
<td>50%</td>
<td>No</td>
<td>University Exam Period</td>
</tr>
</tbody>
</table>

**Mid Session Test**

Assessment Type: Quiz/Test  
Indicative Time on Task: 15 hours  
Due: **Week 8**  
Weighting: **20%**

A mid session test will be held to give students practice on a summative task and to provide feedback on their progress midway through the session.

On successful completion you will be able to:

- Examine the investment decision making processes from the perspective of the portfolio manager.
- Define and critique various approaches to asset allocation.
• Compare and contrast the alternative asset allocation tools to construct portfolios and its role in industry practice.

Group Assignment
Assessment Type 1: Project
Indicative Time on Task 2: 20 hours
Due: Week 10-12
Weighting: 30%

Students will conduct research, and quantitative and qualitative analysis, to produce a group report and an individual report and individual presentation.

On successful completion you will be able to:
• Examine the investment decision making processes from the perspective of the portfolio manager.
• Define and critique various approaches to asset allocation.
• Compare and contrast the alternative asset allocation tools to construct portfolios and its role in industry practice.
• Source and analyse real financial data as applied to portfolio management and work in groups and individually to communicate the findings clearly and effectively in a professional environment.

Final Examination
Assessment Type 1: Examination
Indicative Time on Task 2: 25 hours
Due: University Exam Period
Weighting: 50%

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

On successful completion you will be able to:
• Examine the investment decision making processes from the perspective of the portfolio manager.
• Define and critique various approaches to asset allocation.
• Compare and contrast the alternative asset allocation tools to construct portfolios and its
role in industry practice.

- Source and analyse real financial data as applied to portfolio management and work in groups and individually to communicate the findings clearly and effectively in a professional environment.

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**

**Learning and Teaching Activities**

The content for each week will comprise of a lecture recording and a set of tutorial questions (Problem Sets).

**Lectures**

A lecture recording will be uploaded each week. Lecture notes will be available on iLearn.

**Tutorials**

Students will need to register for a tutorial. Tutorials are considered compulsory but no marks are allocated. Tutorials will be available for most, but not all weeks of the session. In weeks where there aren't any live (on-campus or online) tutorials, a recording will be provided to cover the relevant material.

The tutorial schedule will be made available on iLearn.

Tutorial enrolment or change of tutorial can be made through eStudent in the first two weeks of the session. No tutorial changes are allowed after Week 2. Students should attend their allocated tutorial, but exceptions may occur on a one-off basis. That is, where circumstances prevent you from attending your own tutorial in a given week, you may attend an alternative tutorial if room available.

Students are expected to complete the ‘Tutorial Questions’ as a self-directed study activity before attending a tutorial. Additional learning support will be available in tutor consultation times.

Timetable for classes can be found on the University web site at: [https://timetables.mq.edu.au](https://timetables.mq.edu.au)

**Textbooks**

Students are strongly recommended to purchase the following textbook:
The above book is available for purchase online from Google Books as an ebook for $27.79.

### Unit Schedule

<table>
<thead>
<tr>
<th>Week</th>
<th>Textbook chapters</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>Overview</td>
</tr>
<tr>
<td>2</td>
<td>2-4</td>
<td>Active Investment I: Performance measures; finding and backtesting strategies; portfolio construction; risk management</td>
</tr>
<tr>
<td>3</td>
<td>5</td>
<td>Active Investment II: Trading and financing a strategy</td>
</tr>
<tr>
<td>4</td>
<td>6-7</td>
<td>Equity Strategies I: Equity valuation; discretionary equity investing</td>
</tr>
<tr>
<td>5</td>
<td>8-9</td>
<td>Equity Strategies II: Short bias; quant equity</td>
</tr>
<tr>
<td>6</td>
<td>9</td>
<td>Equity Strategies III: Quant equity, continued</td>
</tr>
<tr>
<td>7</td>
<td>10-11</td>
<td>Macro Strategies I: Asset allocation and global macro investing</td>
</tr>
<tr>
<td>8</td>
<td></td>
<td>Mid Session Test</td>
</tr>
<tr>
<td>9</td>
<td>12</td>
<td>Mid Session Break</td>
</tr>
<tr>
<td>10</td>
<td>13, 15</td>
<td>Arbitrage Strategies I: Arbitrage pricing; convertible bond arbitrage</td>
</tr>
<tr>
<td>11</td>
<td>14</td>
<td>Arbitrage Strategies II: Fixed income arbitrage</td>
</tr>
<tr>
<td>12</td>
<td>16</td>
<td>Arbitrage Strategies III: Event driven investment</td>
</tr>
<tr>
<td>13</td>
<td></td>
<td>Revision</td>
</tr>
</tbody>
</table>

### Policies and Procedures

Macquarie University policies and procedures are accessible from Policy Central (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

https://unitguides.mq.edu.au/unit_offerings/162559/unit_guide/print
• **Special Consideration Policy**

Students seeking more policy resources can visit Student 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) 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.

**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**
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/](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.

Unit information based on version 2024.02 of the Handbook