



Victoria International Applied Finance Programme

School of Economics and Finance

MMAF516 Portfolio Design & Investment

Trimester 2 2005

COURSE OUTLINE

Contact Details

The course co-ordinator is Roger Bowden, room RH310. Preferred contact is by email. Email address: Roger.Bowden@vuw.ac.nz

Block Release Times

First Block: 9:30am Monday, August 22 – 12:15pm Wednesday, August 24, 2005

Second Block: 9:30am Monday, October 17 – 12:15pm Wednesday, October 19, 2005

Attendance for all sessions of both block releases is compulsory.

Course Objectives

The aim is to provide course participants with the conceptual understanding and technical skills required to select and manage investment portfolios in a global environment. Students will become familiar with:

- The principles and execution of mean variance and other techniques of portfolio selection;
- An understanding of the principles of capital market equilibrium;
- A working knowledge of fundamentals based investment analysis and stock pricing;
- Techniques of funds management and the use of basic derivatives for such purposes.

Course Content

The course is organised around three general themes:

- The first part of the course is concerned with general principles of return definition and portfolio construction, encompassing mean variance analysis though with some treatment of alternative principles. This leads naturally into a short study of capital market equilibrium, incorporating the CAPM and similar

- models, and a short discourse on the relationship of these to the more recent ideas of the risk premium process and the law of one price.
- The second part of the course is concerned with the principles of investment analysis based on fundamentals. The determinants of share prices are explored using valuation techniques familiar from the corporate finance course. The extension to bond pricing incorporates credit risk and economic influences. Extensions to other asset classes such as real estate are briefly covered.
 - The third part is concerned with portfolio management, incorporating both active and passive modes for single class and mixed asset portfolios. An introduction to the use of basic derivatives for such purposes as cash flow covering and portfolio insurance is covered. Portfolio performance measurement rounds off the course.

Readings

There is no ideal textbook for the course. Participants will be provided with a copy of:

Reilly, F.K. and K.C. Brown (2003)

Investment Analysis and Portfolio Management, 7th ed. Thomson: South-Western.

The above book is useful on the overall picture, but is a bit elementary on conceptual and methodological aspects. It will be supplemented where necessary by course notes prepared by the lecturer in charge.

An email file or floppy disk containing databases for the purposes of exercises and assignments will also be distributed.

Materials and Equipment

It is necessary to bring a calculator to the block courses. During tests students will be allowed to use calculators, but not hand held or other computers.

Assessment Requirements

This will comprise 2 tests and 2 assessed assignments.

Tests:	One test (of length 1.5 – 2 hours) at the conclusion of each block release session based on reading assigned for period leading up to the block release and material presented at the block release.	
	Test 1	30%
	Test 2	30%
Assignments:	Assignment 1	15%
	Assignment 2	25%
Total Assessment:		100%

The due dates for the assignments are listed below:

Assignment 1	4 August 2005 (Thursday)
Assignment 2	4 October 2005 (Tuesday)

Penalties

Each of the two major assignments will be marked out of a maximum that diminishes by 5% for every day late, with a weekend counting as one day. The date of submission shall be taken as the date of delivery or the day of postmark, if by post. There will be a final cut off date (normally one week after due date) advised for each assignment, after which no assignment can be accepted.

The major assignments will each carry a specified word or page limit. If an assignment exceeds the limit, credit will be given only from the beginning of the assignment up to the word limit. No credit will be given for the portion of work extending beyond the word limit.

Mandatory Course Requirements

To pass a student must: (i) attend all sessions of both block release courses, and (ii) obtain an average mark of at least 50% over total course assessment.

Communication of Additional Information

Additional information including assignment questions, details of the block course schedule, feedback on course assessments, etc will be provided by email or by post. Students are responsible for ensuring that the VIAF Administrator, Bun Wong, has their up to date email and postal addresses.

If you have, or become aware of, any health condition that could prevent you attending a VIAF compulsory block release, then you should notify the Programme Director immediately, preferably by email: dawn.lorimer@vuw.ac.nz .

Faculty of Commerce and Administration Offices

Railway West Wing (RWW) - FCA Student Administration Office

The Student Administration Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications.

Easterfield (EA) - FCA/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce & Administration and Law is situated in the Easterfield Building - it includes the ground floor reception desk (EA005) and offices 125a to 131 (Level 1). The office, will be open from 9:00 am to 5:00 pm during Trimester 2, offers the following:

- Duty tutors for student contact and advice.
- Information concerning administrative and academic matters.

- FCA Student Administration forms (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

Please note:

There will be a Student Administration Adviser, from the RWW office, based in EA005 from Monday 27 June to Friday 1 July (9:00 am to 5:00 pm) and from Monday 4 July to Friday 22 July (11:00 am to 1:00 pm).

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly those regarding assessment and course of study requirements, and formal academic grievance procedures.

Student Conduct and Staff Conduct

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps can be taken if there is a complaint. For queries about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Adviser. This Statute is available in the Faculty Student Administration Office or on the website at: www.vuw.ac.nz/policy/StudentConduct.

The policy on Staff Conduct can be found on the VUW website at: www.vuw.ac.nz/policy/StaffConduct.

Academic Grievances

If you have any academic problems with your course you should talk to the tutor or lecturer concerned or, if you are not satisfied with the result of that meeting, see the Head of School or the Associate Dean (Students) of your Faculty. Class representatives are available to assist you with this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievance Policy which is published on the VUW website:

www.vuw.ac.nz/policy/AcademicGrievances.

Academic Integrity and Plagiarism

Academic integrity is about honesty – put simply it means **no cheating**. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. Plagiarism is **prohibited** at Victoria.

The University defines plagiarism as follows:

Plagiarism is presenting someone else's work as if it were your own, whether you mean to or not.

'Someone else's work' means anything that is not your own idea, even if it is presented in your own style. It includes material from books, journals or any other printed source, the work of other students or staff, information from the Internet, software programmes and other electronic material, designs and ideas. It also includes the organization or structuring of any such material.

Plagiarism is not worth the risk.

Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct (www.vuw.ac.nz/policy/studentconduct) and may be penalized severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- suspension from class or university
- cancellation of your mark for an assessment or a fail grade for the course.

Find out more about plagiarism and how to avoid it, on the University's website at: www.vuw.ac.nz/home/studying/plagiarism.html.

Students with Disabilities

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities an equal opportunity with all other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, then please contact the contact the VIAF Programme Director as early in your course of studies as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services to confidentially discuss your individual needs and the options and support that are available. (Given the intensive block course nature of teaching in the VIAF Programme, it would be much appreciated if you would contact the VIAF Programme Director at the time you join the programme, or ask Disability Support to do so on your behalf.) Disability Support Services are located on Level 1, Robert Stout Building, or phoning 463-6070, email: disability@vuw.ac.nz. The name of your School's Disability Liaison Person can be obtained from the Administrative Assistant or the School Prospectus.

Student Support

Staff at Victoria want students' learning experiences at the University to be positive. If your academic progress is causing you concern, please contact the relevant Course Co-ordinator, or Associate Dean who will either help you directly or put you in contact with someone who can.

The Student Services Group is also available to provide a variety of support and

services. Find out more at www.vuw.ac.nz/st_services/ or email student-services@vuw.ac.nz.

VUWSA employs two Education Co-ordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and faculty delegates. The Education Office is located on the ground floor, Student Union Building, phone 463 6983 or 463 6984, email education@vuwsa.org.nz.