

School of Economics and Finance

## **MOFI 305 Investments**

Trimester 1 2008

### **COURSE OUTLINE**

---

**Lecturer and Coordinator:** Toby Daglish, RH309, phone 463-5451,  
email: toby.daglish@vuw.ac.nz

**Lecture times:** Fri: Mon, Wed, Thu 1340 - 1430 Rutherford House [Pipitea] LT2

#### **Course Objectives**

This course examines the problem of portfolio management, confronted by individuals and pension plans. Topics covered include preferences for risk, valuation of stocks, portfolio allocation, and an introduction to derivative pricing. The course aims to provide students with the tools necessary to work in this area, along with a solid grounding in the financial theory behind the models used.

#### **Readings**

The course is based on the following textbook:

- Bodie, Kane and Marcus, "Investments", McGraw-Hill Irwin, 7th Edition [BKM].

## **Assessment Requirements**

Your course mark will be a weighted average, made up as follows:

Tutorial problems:	10%	Ongoing.
Midterm exam:	30%	on TBA (during regular class time).
Final exam:	60%	date will be scheduled during the university examination period (2 June – 25 June 2008).

Each tutorial will have a set of problems to be completed prior to tutorial attendance. These will be collected during the tutorials, and marks assigned as 0, 0.5 or 1.0. The final tutorial will be a review tutorial. The total marks for the other ten tutorials will compose the tutorial mark for the course. The examination material will closely follow material covered in tutorials (which in turn will follow material covered in lectures) so if you put in the work here, you will not only score points toward your final grade, but will also improve your final exam score.

## **Penalties**

Tutorial problems are due at the start of the tutorial. Tutorial problems handed in late will not be marked.

## **Mandatory course requirements**

You must score 0.5 or 1.0 in at least five of the ten tutorial problems.

## **Expected workload**

Expected workload for this course is 150 hours.

## **Communication of additional information**

Information on the course, including assignments and lecture notes, will be distributed via blackboard, which can be found at <http://blackboard.vuw.ac.nz/>.

## Course content

The following is the timetable for the course, with suggested readings for each section. The readings are fairly extensive, but hopefully should give you plenty of alternative explanations of the material covered in lectures.

Date	Topic	Readings (BKM)
February 25	Introduction	–
February 27, 28	Overview of financial markets	Chapters 1-3
March 3	Historical returns	Chapter 5
March 4, 5	Preferences	Chapter 6
March 6	Technical Analysis and Day Trading	Section 12.2
March 10, 12	Modern Portfolio Theory	Chapter 7
March 13	Practical Asset Allocation	Chapter 8
March 14	International Investments	Chapter 25
March 19	Investment Horizons	Chapter 26
March 24	GOOD FRIDAY	
March 20, 27	The Capital Asset Pricing Model	Chapter 9
March 27	Active portfolio management	Chapter 27
March 31	Multifactor Models of Risk and Return	Chapter 10
April 2	Empirical Performance and Applications	Chapter 13
April 3	Fundamental Analysis	Chapter 19
April 7, 9	Stock Valuation Models	Chapter 18
April 10	Review	–
April 14-27	MIDTERM BREAK	
April 28	Market Efficiency	Chapter 11.1-11.3
April 30, May 1	Anomalies and Behavioural Finance	Section 12.1 Section 11.4-11.5
May 5	Mutual Funds	Chapter 4
May 7	Performance Evaluation	Chapter 24
May 8	Bond Prices and Yields	Chapter 14
May 12	The term structure of interest rates	Chapter 15
May 14	Bond portfolio management	Chapter 16
May 15,19	Forward and futures contracts	Chapter 22
May 21	Swaps	Chapter 23
May 22	Options Markets	Chapter 20
May 26,27	Option Pricing	Chapter 21
May 29	Conclusions	–

These topics represent an optimistic view of material that will be covered in the course, time permitting. If necessary, some topics may be dropped, if we find ourselves behind.

## SUPPLEMENTARY INFORMATION

### Faculty of Commerce and Administration Offices

#### Railway West Wing (RWW) - FCA Student and Academic Services Office

The Faculty's Student and Academic Services 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. To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

#### Easterfield (EA) - FCA/Education/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce and Administration, Education 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 is available for the following:

- Duty tutors for student contact and advice.
- Information concerning administrative and academic matters.
- Forms for FCA Student and Academic Services (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

### General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly the Assessment Statute, the Personal Courses of Study Statute, the Statute on Student Conduct and any statutes relating to the particular qualifications being studied; see the Victoria University Calendar or go to <http://www.vuw.ac.nz/policy>.

For information on the following topics, go to the Faculty's website <http://www.vuw.ac.nz/fca>

- Academic Grievances
- Academic Integrity and Plagiarism
- Student and Staff Conduct
- Meeting the Needs of Students with Impairments
- Student Support

### Manaaki Pihipihinga Programme

Manaaki Pihipihinga is an academic mentoring programme for undergraduate Māori and Pacific students in the Faculties of Commerce and Administration, and Humanities and Social Sciences. Sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade (back courtyard), Room 109D, and Room 210, Level 2, Railway West Wing. There is also a Pacific Support Coordinator who assists Pacific students by linking them to the services and support they need while studying at Victoria. Another feature of the programme is a support network for Postgraduate students with links to Postgraduate workshops and activities around Campus.

For further information, or to register with the programme, phone (04) 463 5233 ext. 8977 or email [manaaki-pihipihinga-programme@vuw.ac.nz](mailto:manaaki-pihipihinga-programme@vuw.ac.nz). To contact the Pacific Support Coordinator, phone (04) 463 5842 or email [pacific-support-coord@vuw.ac.nz](mailto:pacific-support-coord@vuw.ac.nz).