

VICTORIA INTERNATIONAL APPLIED FINANCE PROGRAMME

School of Economics and Finance

MMAF 516 Portfolio Design & Investments

Trimester 2 2010

COURSE OUTLINE

Lecturer and Coordinator: Toby Daglish, RH309, phone 463-5451,
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Preferred contact is via e-mail.

Administrator: Anna Potts, RH307, phone 463-6148,
email: anna.potts@vuw.ac.nz

Class times:

Friday 27 August 9am - Sunday 29 August 1pm, MY632 & KK216.

Friday 22 October 9am - Sunday 24 October 1pm, MY632 & KK216.

A detailed schedule for each block release will be supplied closer to the session dates.

Trimester Dates

Monday 12 July to Saturday 14 November 2010.

Course Objectives

This course focuses on decisions of portfolio management, stock valuation and mutual fund management. The focus of the course is on applications of financial theory to real world decision making. As such, a reasonable amount of excel work will be involved. Students should finish the course with a solid general knowledge of investments.

Readings

Readings are taken from the following book, supplemented with lecture materials provided on Blackboard:

- Bodie, Kane and Marcus, "Investments", McGraw-Hill Irwin, 8th Edition [BKM].

Course Delivery

The course will be taught in a block release format. Lectures cover theoretical material, while examples of implementation will be covered in the computer lab sessions. Attendance of all block releases is compulsory.

Assessment Requirements

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

Assignment one:	10%	Friday 13 August.
Midterm test (2 hours):	30%	Sunday 29 August.
Assignment two:	30%	Friday 8 October.
Final test (2 hours):	30%	Sunday 24 October

Note: Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

Assignments

Each assignment will be distributed to you at least four weeks in advance of its due date, which will be indicated.

Penalties

Assignments are due by 4pm on the date specified. Late assignments will incur a penalty of 5% of the final grade per day late. Work submitted more than one week late will not be graded. Assignments must be submitted electronically through blackboard as either a pdf document or a word document (as per the assignment guidelines).

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)
27 Aug	Returns and Preferences Mean-variance analysis	Chapters 5 & 6 Chapter 7 & 8
28 Aug	Capital Asset Pricing Model Arbitrage Pricing Theory	Chapter 9 Chapter 10
29 Aug	Midterm exam	
22 Oct	Portfolio Selection and Active Management Security Analysis	Chapter 27 Chapter 18 & 19
23 Oct	Mutual Funds and Performance Evaluation Behavioural Finance and Technical Analysis	Chapter 4 & 24 Chapter 11 & 12
24 Oct	Final exam	

Note that this course does not provide extensive coverage of the material contained in the book on derivatives or fixed income securities, since these will be covered in other VIAF courses.

Given the course's block release structure, it is essential to do the readings ahead of the classes.

Mandatory course requirements

Attendance at block releases.

Expected workload

Expected workload for this course is 200 hours.

Communication of additional information

Additional information including assignment questions, details of the block course schedule, feedback on course assessments, etc will be provided online via Blackboard. Students are responsible for logging onto Blackboard regularly to check for any updates or announcements, and for ensuring that the VIAF Senior Administrator has their up to date email and postal addresses. Viaf-programme@vuw.ac.nz

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.

Course Learning Objectives

By the end of the course, students should be able to:

- C1 appreciate the construction of data and use the data as input to the theories taught in this course
- C2 comprehend financial market microstructure, and explain why relevant institutions exist
- C3 analyse the role of utility functions and preferences for risk in the determination of investment decisions
- C4 apply mean-variance portfolio theory to analyse real-world investment problems
- C5 describe and explain the assumptions and reasoning behind the capital asset pricing model, and critically analyse how the model can be extended
- C6 explain the assumptions and reasoning behind the arbitrage pricing theory, and apply the model
- C7 analyse the reasoning behind technical analysis and behavioural finance, and explain how they challenge the classical theories of finance
- C8 describe the different types of mutual funds available in financial markets, and critically analyse their strengths and weaknesses with reference to the performance of fund managers
- C9 apply the theories covered in the course to value equity securities

Topics C1-C6 will be assessed on the midterm exam. The final exam focuses on material in C7-C9, with reference to topics C1-C6 as they pertain to material covered in the second block's tutorials and lectures. The first assignment will cover topic C2, while the second assignment focuses on topic C4.

Although these outlines represent the main objectives of the course, all material covered in lectures is subject to assessment in the course test and exam.

Materials and Equipment

Students will require a calculator for the midterm and final exams.

Examinations

This course does not include a final examination.

Withdrawal dates

Information available via

<http://www.victoria.ac.nz/home/admisenrol/payments/withdrawalsrefunds.aspx>

SUPPLEMENTARY INFORMATION

Withdrawal dates

Information available via

Withdrawal dates: Late withdrawals with Associate Dean (Students) permission (See Section 8: Withdrawals - from the Personal Courses of Study Statute)

<http://policy.vuw.ac.nz/Amphora!> ~ ~ policy.vuw.ac.nz ~ POLICY ~ 000000001743.pdf

Withdrawal dates: refunds:

<http://www.victoria.ac.nz/home/admisenrol/payments/withdrawalsrefunds.aspx>

Class representative

A class representative will be elected in the first class, and that persons name and contact details will be available to VUWSA, the Course Coordinator and the class. The class representative provides a communication channel to liaise with the Course Coordinator on behalf of students.

SUPPLEMENTARY INFORMATION

Academic Integrity and Plagiarism

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

General University Policies and Statutes

<http://www.victoria.ac.nz/home/about/policy>

AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support

http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx

Faculty of Commerce and Administration Offices

<http://www.victoria.ac.nz/fca/studenthelp/>

Manaaki Pihipihinga Programme

<http://www.victoria.ac.nz/st.services/mentoring/>

Notice of Turnitin Use

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <http://www.turnitin.com>. Turnitin is an on-line plagiarism prevention tool which identifies material that may have been copied from other sources including the Internet, books, journals, periodicals or the work of other students. Turnitin is used to assist academic staff in detecting misreferencing, misquotation, and the inclusion of unattributed material, which may be forms of cheating or plagiarism. At the discretion of the Head of School, handwritten work may be copy typed by the School and subject to checking by Turnitin. You are strongly advised to check with your tutor or the course coordinator if you are uncertain about how to use and cite material from other sources. Turnitin will retain a copy of submitted materials on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.