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School of Economics and Finance

## **MMAF 516 PORTFOLIO DESIGN & INVESTMENTS**

Trimester 2 2012

### **COURSE OUTLINE**

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#### **Names and Contact Details**

The Course Coordinator and lecturer for the course is Brandon Chen, RH316, ext 5131, [Brandon.Chen@vuw.ac.nz](mailto:Brandon.Chen@vuw.ac.nz). Office hours will be on Thursdays 3.40-4.40pm, or by appointment.

**Administrator:** Anna Potts, RH307, phone 463-6148, Email: [viaf-programme@vuw.ac.nz](mailto:viaf-programme@vuw.ac.nz).

#### **Trimester Dates**

Monday 16 July – Saturday 17 November

#### **Withdrawal from Course**

1. Your fees will be refunded if you withdraw from this course on or before Friday 27 July 2012.
2. The standard last date for withdrawal from this course is Friday 28 September. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an *'Application for Associate Dean's Permission to Withdraw Late'* including supporting documentation

The application form is available from either of the Faculty's Student Customer Service Desks.

#### **Class Times and Room Numbers**

Friday 31 August 9:20 AM — Sunday 2 September 12:20PM

Saturday 27 October 9:20 AM— Monday 29 October 12:20 PM

Class will take place on the Kelburn Campus. Room numbers will be provided in advance.

#### **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 other explanations of the materials covered in lectures.

Note that this course does not provide much coverage of the material in the textbook concerning derivatives or fixed income securities, because these will be covered by other VIAF courses.

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

<b>Date</b>	<b>Topic</b>	<b>Reading (BKM)</b>
31 August	Returns and Preferences Mean-variance Analysis	Ch. 5 & 6 Ch. 7 & 8
1 September	Capital Asset Pricing Model Arbitrage Pricing Theory	Ch. 9 Ch. 10
2 September	Midterm test	
27 October	Portfolio Selection and Active Management Security Analysis	Ch. 27 Ch. 18 & 19
28 October	Mutual Funds and Performance Evaluation Behavioural Finance and Technical Analysis	Ch. 4 & 24 Ch. 11 & 12
29 October	Final test	

### **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.

### **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.

### **Expected Workload**

Expected workload for this course is 200 hours.

## **Readings**

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

- Bodie, Kane and Marcus, “Investments”, McGraw-Hill Irwin, 9th Edition [BKM].

## **Materials and Equipment**

Students will require a calculator for the tests.

## **Assessment Requirements**

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

Assignment one: 10%	Monday 13 August.
Midterm test (2 hours): 30%	Sunday 2 September.
Assignment two: 30%	Monday 15 October.
Final test (2 hours): 30%	Monday 29 October.

Both midterm and final tests are closed book.

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

Assignments must be submitted electronically through blackboard as either a pdf document or a word document (as per the assignment guidelines).

## Quality Assurance 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 FCom programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

## **Examinations**

This course does not include a final examination.

## **Penalties**

Assignments are due by midnight 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.

## **Mandatory Course Requirements**

Attendance at all sessions of both block releases is mandatory.

## **Class Representative**

A class representative will be elected in the first class, and that person's name and contact details made 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.

### **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](mailto: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](mailto:dawn.lorimer@vuw.ac.nz).

### **Use of Turnitin**

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 compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and subject to checking by Turnitin. 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.

**For the following important information follow the links provided:**

### **Academic Integrity and Plagiarism**

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

### **General University Policies and Statutes**

Find key dates, explanations of grades and other useful information at [www.victoria.ac.nz/home/study](http://www.victoria.ac.nz/home/study)

Find out about academic progress and restricted enrolment at

<http://www.victoria.ac.nz/home/study/academic-progress.aspx>

The University's statutes and policies are available at [www.victoria.ac.nz/home/about/policy](http://www.victoria.ac.nz/home/about/policy), except qualification statutes, which are available via the Calendar webpage at

<http://www.victoria.ac.nz/home/study/calendar.aspx> (See Section C).

Further information about the University's academic processes can be found on the website of the Assistant Vice-Chancellor (Academic) at

[www.victoria.ac.nz/home/about\\_victoria/avcacademic/default.aspx](http://www.victoria.ac.nz/home/about_victoria/avcacademic/default.aspx)

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

[http://www.victoria.ac.nz/home/about\\_victoria/avcacademic/Publications.aspx](http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx)

### **Faculty of Commerce Office**

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

### **Te Putahi Atawhai**

### **Maori and Pacific Mentoring Programme**

<http://www.victoria.ac.nz/tpa/>