TE WHARE WĀNANGA O TE ŪPOKO O TE IKA A MĀUI
VICTORIA
UNIVERSITY OF WELLINGTON

VICTORIA INTERNATIONAL APPLIED FINANCE PROGRAMME

MMAF 516 PORTFOLIO DESIGN & INVESTMENTS

Trimester 1, 2015

COURSE OUTLINE

Names and Contact Details

The Course Coordinator and lecturer for the course is Brandon Chen, RH316, ext 5131, Brandon.Chen@vuw.ac.nz. Office hours will be on Thursdays 1.30-2.30pm, or by appointment.

Administrator: Rachel Zhang, RH307, phone 463-6148, Email: rachel.zhang@vuw.ac.nz.

Trimester Dates

The teaching/study and assessment period is Monday 2nd March – Sunday 14 June 2015

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 13th March 2015.

2. The standard last date for withdrawal from this course is Friday 5th June. 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 or online.

Class Times and Room Numbers

Block 1 9:00am Friday 17th April – 12:30pm Sunday 19th April, 2015
Block 2 9:00am Friday 12th June – 12:30pm Sunday 14th June, 2015

A detailed schedule of each block release course will be supplied closer to the respective sessions. Classes will take place at the Kelburn Campus – please see the schedule for details.

Attendance at all sessions of both block releases is compulsory.

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. Students are expected to complete all readings, exercises and assignments before each block release.

Attendance of all block releases is compulsory.

Group Work

While no formal group work is required in this paper, informal study groups will be encouraged. However, you must hand in your own individual work for all the assignments and the course project.

Expected Workload

Expected workload for this course is 200 hours. During the approximately 6 weeks of term prior to each block release, students will need to allow about 14 hours per week for study, research and preparation of assignments for this course.

Prescription

Principles of portfolio diversification, mean variance analysis, models of capital market equilibrium: CAPM and equivalent martingale no-arbitrage risk premium processes, factor models. Portfolio insurance using derivatives. Fund performance measurement.

Course Learning Objectives

By the end of the course, students should be able to:
CLO1 appreciate the construction of data and use the data as input to the theories taught in this course;
CLO2 comprehend financial market microstructure, and explain why relevant institutions exist;
CLO3 analyse the role of utility functions and preferences for risk in the determination of investment decisions;
CLO4 apply mean-variance portfolio theory to analyse real-world investment problems;
CLO5 describe and explain the assumptions and reasoning behind the capital asset pricing model, and critically analyse how the model can be extended;
CLO6 explain the assumptions and reasoning behind the arbitrage pricing theory, and apply the model;
CLO7 analyse the reasoning behind technical analysis and behavioural finance, and explain how they challenge the classical theories of finance;
CLO8 describe the different types ofmutual funds available in financial markets, and critically analyse their strengths and weaknesses with reference to the performance of fund managers;
CLO9 apply the theories covered in the course to value equity securities.

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.

Date	**Topic**	**Reading (BKM)**
17 April	Returns and Preferences Mean-variance Analysis	Ch. 5 & 6 Ch. 7 & 8
18 April	Capital Asset Pricing Model Arbitrage Pricing Theory	Ch. 9 Ch. 10
19 April	Midterm test	
12 June	Portfolio Selection and Active Management Security Analysis	Ch. 27 Ch. 18 & 19
13 June	Mutual Funds and Performance Evaluation Behavioural Finance and Technical Analysis	Ch. 4 & 24 Ch. 11 & 12
14 June	Final test	

Readings

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

• Bodie, Kane and Marcus, "Investments", McGraw-Hill Irwin, 10th Edition [BKM].

Materials and Equipment

Students will require a calculator for the tests

Assessment

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

Assignment one: 10%	Friday 3 April
Midterm test (2 hours): 30%	Sunday 19 April
Assignment two: 30%	Thursday 4 June
Final test (2 hours): 30%	Sunday 14 June

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

CLO1- 6will be assessed in the test 1. The 2nd test focuses on material in CLO7-9, with reference to CLO1- 6 as they pertain to material covered in the second block's tutorials and lectures. The first assignment will cover CLO2, while the second assignment focuses on topic CLO4.

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

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.

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 submitted to Turnitin. A copy of submitted materials will be retained 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.

Mandatory Course Requirements

Attendance at block releases.

If you cannot complete an assignment or sit a test or examination, refer to www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat

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.

Student feedback
Student feedback on University courses may be found at
www.cad.vuw.ac.nz/feedback/feedback_display.php

Link to general information
For general information about course-related matters, go to
http://www.victoria.ac.nz/vbs/studenthelp/general-course-information

Note to Students
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 academic audit. The findings may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

****