

MASTER'S OF APPLIED FINANCE PROGRAMME School of
Economics and Finance

MMAF 516 PORTFOLIO DESIGN & INVESTMENT

Trimester 2, 2016

COURSE OUTLINE

Prescription

Principles of portfolio diversification, mean variance analysis, models of capital market equilibrium including the capital asset pricing model and equivalent martingale no-arbitrage risk premium factor models. Hedge fund strategies, risk-based and factor-based portfolio construction.

Course Learning Objectives (CLOs)

On completion of the course, students should be equipped to:

1. Perform portfolio level risk and return calculations;
2. Construct diversified investment portfolios using mean variance optimisation;
3. Model risk using single-index or multi-factor models;
4. Explain the theory underlying the capital asset pricing model, arbitrage pricing theory, multifactor models;
5. Apply the efficient market hypothesis to investment decisions;
6. Use investment mandates to implement investment strategies;
7. Distinguish between the different hedge fund strategies and explain the commonalities among these strategies;
8. Assess the benefits and risks of international diversification;
9. Construct investment portfolios using alternative portfolio strategies such as non-market-cap, risk- and factor-based approaches; and
10. Assess practical issues associated with the implementation of portfolio strategies.

Course Content

This is a course in the theory and practice of portfolio construction. It covers principles of modern portfolio theory: diversification, mean variance optimisation, asset allocation and portfolio choice, asset pricing models, efficient market hypotheses and risk/factor models. It also covers selected topics in applied portfolio construction: active management, hedge fund strategies, international diversification and currency hedging, non-market-cap investing, risk-based and factor-based portfolio construction.

Trimester Dates

The teaching/study and assessment period is Monday 11th July – Friday 12th November 2016.

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 22nd July 2016.
2. The standard last date for withdrawal from this course is Friday 23rd September 2016. 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](#).

Names and Contact Details

The course coordinator is Joe Cheung. Joe is based in Auckland and therefore the preferred contact is via email in the first instance: jcheung@xtra.co.nz.

The administrator for this course is Rachel Zhang, RWW120.

Email: Rachel.Zhang@vuw.ac.nz

Phone: 04 4636148

Block Release Times and Room Numbers

Block Release 1: 9:00am Saturday 27th August – 12:00pm Monday 29th August 2016.

Block Release 2: 9:00am Saturday 22nd October – 12:00pm Monday 24th October 2016

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.

Course Delivery

The contact hours of the course will be during the two block releases detailed above. During the rest of the trimester, students will be expected to be engaged in self-directed study using their textbook and supplementary reading materials posted on Blackboard. Students must also complete assignments which will be posted on Blackboard.

Readings (also see Course Contents section above)

- Bodie, Kane and Marcus, 'Investments', McGraw-Hill Irwin, 10th Edition.
- Selected papers from academic and practitioners' journals.

Mandatory course requirements

Attendance at all sessions of both block releases is compulsory.

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 Administrator immediately at Rachel.Zhang@vuw.ac.nz

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

Expected Workload

Total average expected workload is 200 hours. During the 6 weeks or so 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. The two block courses each involve approximately 16 hours of work.

Assessment

The Assessment Handbook will apply to all VUW courses: see

<http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf>.

Assessment items in this course include three assignments, one course project and two tests:

Assessment Item	Weight	Learning Objectives (see above)
Test 1 (2 hours)	40%	CLO-1 to CLO-5
Test 2 (2 hours)	40%	CLO-6 to CLO-10
Assignment 1	5%	CLO-1 to CLO-3
Assignment 2	5%	CLO-3 to CLO-5
Assignment 3	5%	CLO-6 to CLO-8
Assignment 4	5%	CLO-8 to CLO-10
<i>Total</i>	<i>100.0%</i>	

Dates when assessment items take place or are due:

Assessment Item	Date/Due Date
Assignment 1	(Wed) 3 rd August 2016
Assignment 2	(Fri) 19 th August 2016
Test 1 (2 hours)	(Mon) 29 th August 2016
Assignment 3	(Wed) 28 th September 2016
Assignment 4	(Fri) 14 th October 2016
Test 2 (2 hours)	(Mon) 24 th October 2016

Note: Answers to all assignments should be submitted in electronic forms (e.g. Word, Excel or scanned PDF format should you choose to use handwritten answers). All assignments are to be submitted via Blackboard. (<http://blackboard.vuw.ac.nz/>)

Penalties

Marks for assignments 1 and 2 will be reduced by 5% of the maximum for every day late. For example, if your score is 70/100, it will be adjusted to 65/100 if the assignment is 1 day late; 60/100 if it is 2 days late; etc. There will be a final cut off date, which is five days after the due date for each assignment, after which no assignment will be accepted. The date of submission to Blackboard (until midnight that day) shall be taken as the date of delivery.

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.

Student feedback

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

Class Representative

Two programme representatives will be elected at the start of Trimester 2. The representative names and contact details will be made available to VUWSA, the course coordinator and the students in the programme. The programme representatives provide 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 (viaf-programme@vuw.ac.nz) has your up-to-date email and postal addresses.

If you would like your assessments to be returned to your own personal email address rather than your default Victoria University email address, please ensure that you enter your personal email address in Blackboard and/or notify the course coordinator (jcheung@xtra.co.nz) via email directly.

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.
