FINM7008
Applied Investments

Course Description
This course allows students to acquire and apply the skills needed to design investment portfolios. It covers duties to clients, types of investment products, explores links between investment risk and return, introduces tools for use in portfolio construction, brings in analysis of fixed income products and introduces techniques to evaluate past investment performance.

Mode of Delivery
2 hours a week attending the lecture;
1 hour a week attending the workshop;
1 hour a week attending the tutorial;

Prerequisites
To enrol in this course you must have completed FINM7006 and BUSN7008 and STAT7055. Students of M. Actuarial Studies, M. Actuarial Practice and M. Statistics only need to complete FINM7006 and BUSN7008.

Incompatible Courses
You are not able to enrol in this course if you have completed FINM2003.

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Office hours for student consultation: Wednesday 3pm –5pm
Room 4.40, CBE Bld (26C)
Bio and Research Interests
● Ph.D. Physics, Ph.D. Finance
● Asset Pricing
Relevant administrator Anna Pickering
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Phone: +61 2 612 59045
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Tutor(s):

SEMESTER 1
2016

http://programsandcourses.anu.edu.au/course/FINM7008
COURSE OVERVIEW

Learning Outcomes

Upon successful completion of the requirements for this course, students should have the knowledge and skills to:

1. Have attained an in depth understanding of core investments theory;
2. Demonstrate a thorough knowledge of the issues associated with the application of investments theory in a practical setting;
3. Be able to perform in group environments; and,
4. Be effective in communicating the results of empirical research.

Assessment Summary

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Value</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In-Tutorial Quizzes</td>
<td>30%</td>
<td>5 quizzes, see the course schedule</td>
</tr>
<tr>
<td>2. Assignment</td>
<td>20%</td>
<td>10am, Monday, 18 April, 2016</td>
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<tr>
<td>3. Final Exam</td>
<td>50%</td>
<td>To be announced</td>
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</tbody>
</table>

Research-Led Teaching

Students will be provided with some of the basic tools necessary to undertake research. This will include involving students in critical analysis of industry-based problems such as asset allocation decisions, pricing of financial assets, managing investment portfolios and performance measurement. They will also be introduced to relevant research previously undertaken by others in the area.

Feedback

Staff Feedback

Students will be given feedback in the following forms in this course:

- written comments
- verbal comments
- feedback to the whole class
- feedback to groups
- feedback to individuals, focus groups

Student Feedback

ANU is committed to the demonstration of educational excellence and regularly seeks feedback from students. One of the key formal ways students have to provide feedback is through Student Experience of Learning Support (SELS) surveys. The feedback given in these surveys is anonymous and provides the Colleges, University Education Committee and Academic Board with opportunities to recognize excellent teaching, and opportunities for improvement.

For more information on student surveys at ANU and reports on the feedback provided on ANU courses, go to

http://unistats.anu.edu.au/surveys/selt/students/ and
http://unistats.anu.edu.au/surveys/selt/results/learning/
Policies
ANU has educational policies, procedures and guidelines, which are designed to ensure that staff and students are aware of the University’s academic standards, and implement them. You can find the University’s education policies and an explanatory glossary at: http://policies.anu.edu.au/

Students are expected to have read the Academic Misconduct Rules 2014 before the commencement of their course.

Other key policies include:
- Student Assessment (Coursework)
- Student Surveys and Evaluations

Textbook

COURSE SCHEDULE

<table>
<thead>
<tr>
<th>Week</th>
<th>Summary of Activities</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction and the Investment Process I</td>
<td></td>
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<tr>
<td>2</td>
<td>The Investment Process II</td>
<td>Tutorial 1 Questions</td>
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<tr>
<td>3</td>
<td>Risk, Return and Historical Data</td>
<td>Tutorial 2 Questions</td>
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<tr>
<td></td>
<td></td>
<td>In-Tutorial Quiz 1</td>
</tr>
<tr>
<td>4</td>
<td>Preferences, Risky Assets and Building Portfolios</td>
<td>Tutorial 3 Questions</td>
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<tr>
<td>5</td>
<td>Index Models</td>
<td>Tutorial 4 Questions</td>
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<td></td>
<td></td>
<td>In-Tutorial Quiz 2</td>
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<tr>
<td>6</td>
<td>The Capital Asset Pricing Model</td>
<td>Tutorial 5 Questions</td>
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<tr>
<td>7</td>
<td>Arbitrage Pricing and Multifactor Models</td>
<td>Tutorial 6 Questions</td>
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<td>In-Tutorial Quiz 3</td>
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<tr>
<td>8</td>
<td>Efficient Markets, Technical Analysis and Behavioral Finance</td>
<td>Tutorial 7 Questions</td>
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<tr>
<td>9</td>
<td>Bond Pricing, Yields and the Term Structure of Interest Rates</td>
<td>Tutorial 8 Questions</td>
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<td>In-Tutorial Quiz 4</td>
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<tr>
<td>10</td>
<td>Managing Bond Portfolios</td>
<td>Tutorial 9 Questions</td>
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<tr>
<td>11</td>
<td>Portfolio Evaluation</td>
<td>Tutorial 10 Questions</td>
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<tr>
<td></td>
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<td>In-Tutorial Quiz 5</td>
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<tr>
<td>12</td>
<td>Alternative Investments</td>
<td>Tutorial 11 Questions</td>
</tr>
<tr>
<td>13</td>
<td>Review</td>
<td>Tutorial 12 Questions</td>
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<td></td>
<td></td>
<td>Examination period</td>
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ASSESSMENT REQUIREMENTS

The ANU is using Turnitin to enhance student citation and referencing techniques, and to assess assignment submissions as a component of the University's approach to managing Academic Integrity. For additional information regarding Turnitin please visit the ANU Online website.

Students may choose not to submit assessment items through Turnitin. In this instance you will be required to submit, alongside the assessment item itself, copies of all references included in the assessment item.

Assessment Tasks

Participation
Participation is not compulsory.

Assessment Task 1: Quizzes
Details of task:
- The task comprises 5 in-tutorial quizzes, each every 2 weeks.
- Each quiz counts towards 6% of students’ overall grade for the course. The 5 quizzes collectively count towards 30% of students’ overall grade for the course;
- Each quiz will has limited time (one hour). Students must attend their registered tutorial and attempt the quiz only within the limited time. The quizzes are compulsory.
- Taking quiz in unregistered tutorials is not accepted.
- The quizzes are open book, and are limited to the required material for the class;
- Quiz 1 covers the required materials for week 1-2. Quiz 2 covers the required materials from week 3-4 and so on. The last quiz covers the material from week 9-10.

Assessment Task 2: Assignment
Details of task:
- The assignment will involve students analysing financial market data and interpreting their results in a written report. The assignment is to be undertaken either individually or in groups comprising two or three people. Students having difficulty finding group members have an option to complete the assignment individually;
- The purpose of the assignment is to provide students with the opportunity to apply the concepts introduced in lectures in a practical setting and gain an appreciation of the issues associated with doing so;
- The assignment counts towards 20% of students' final grade for the course. The assignment is compulsory.
• Late submissions of assignments are not accepted. Students will receive a mark of zero for the assignment if it is submitted after the due date;

• Competed assignment are to be submitted online no later than 10 am, Monday, April 18, 2016.

Examination(s)
• The final exam will be closed-book test, with no formula sheet provided. The final exam is compulsory;
• The exam will comprise a mixture of theory and practical questions relating to materials covered throughout the duration of the semester and will count towards 50% of students' final course grade.
• Further details of the exam structure will be provided as the exam date approaches.

Assignment submission
Online Submission: A submission must be through Turnitin. Assignments are submitted using Turnitin in the course Wattle site. You will be required to electronically sign a declaration as part of the submission of your assignment. Please keep a copy of the assignment for your records.

Extensions and penalties
Extensions and late submission of assessment pieces are covered by the Student Assessment (Coursework) Policy and Procedure.

The Course Convener may grant extensions for assessment pieces that are not examinations or take-home examinations. If you need an extension, you must request it in writing on or before the due date. If you have documented and appropriate medical evidence that demonstrates you were not able to request an extension on or before the due date, you may be able to request it after the due date.

No submission of assessment tasks without an extension after the due date will be permitted. If an assessment task is not submitted by the due date, a mark of 0 will be awarded.

Resubmission of assignments
Resubmission is not accepted.

Scaling
Your final mark for the course will be based on the raw marks allocated for each of your assessment items. However, your final mark may not be the same number as produced by that formula, as marks may be scaled. Any scaling applied will preserve the rank order of raw marks (i.e. if your raw mark exceeds that of another student, then your scaled mark will exceed the scaled mark of that student), and may be either up or down.

Tutorial Registration
Enrolment in tutorials will be completed online using the CBE Electronic Teaching Assistant (ETA). To enrol, follow these instructions:
1. Go to http://eta.fec.anu.edu.au
2. You will see the Student Login page. To log into the system, enter your University ID (your student number) and password (your ISIS password) in the appropriate fields and hit the Login button.
3. Read any news items or announcements.
4. Select "Sign Up!" from the left-hand navigation bar.
5. Select your courses from the list. To select multiple courses, hold down the control key. On PCs, this is the Ctrl key; on Macs, it is the key. Hold this key down while selecting courses with the mouse. Once courses are selected, hit the SUBMIT button.
6. A confirmation of class enrolments will be displayed. In addition, an email confirmation of class enrolments will be sent to your student account.
7. For security purposes, please ensure that you click the LOGOUT link on the confirmation page, or close the browser window when you have finished your selections.
8. If you experience any difficulties, please contact the School Office (see page 1 for contact details).
9. Students will have until 5pm February 25 to finalise their enrolment in tutorials. After this time, students will be unable to change their tutorial enrolment.

**SUPPORT FOR STUDENTS**
The University offers a number of support services for students. Information on these is available online from [http://students.anu.edu.au/studentlife/](http://students.anu.edu.au/studentlife/)