## Course Description
The objective of this course is to familiarize students with the seminal and contemporary literature on selected topics in theoretical, empirical and applied finance as it relates to investment analysis. The material and structure of the course is designed to provide students with an advanced understanding of investment decision making. The course is directed at postgraduate and honour students and is designed for students wishing to pursue higher level studies or a career relating to investment analysis and decision making. The course material builds on undergraduate studies in the area of investments. The material is heavily orientated to research issues and their practical problems.

<table>
<thead>
<tr>
<th>Mode of Delivery</th>
<th>Two-hour lecture, one-hour workshop per week on campus, plus additional material posted on Wattle.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prerequisites</td>
<td>To enrol in this course you must have completed FINM7008 and FINM7007 and FINM7041 or be studying the Master of Actuarial Studies or Master of Actuarial Practice.</td>
</tr>
<tr>
<td>Incompatible Courses</td>
<td>Incompatible with FINM4106.</td>
</tr>
<tr>
<td>Co-taught Courses</td>
<td>Co-taught FINM4106. Graduate students attend joint classes with undergraduates but are assessed separately.</td>
</tr>
<tr>
<td>Course Convener:</td>
<td>Dr. Alexander Vadilyev Room 4.19 CBE Build. (26C)</td>
</tr>
<tr>
<td>Phone:</td>
<td>+ 61 2 6125 4723</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:alexander.vadilyev@anu.edu.au">alexander.vadilyev@anu.edu.au</a></td>
</tr>
<tr>
<td>Office hours for student consultation:</td>
<td>Monday 9am – 11am</td>
</tr>
<tr>
<td>Research Interests</td>
<td>Corporate Policies Under Uncertainty and Dynamic Corporate Finance</td>
</tr>
<tr>
<td>Student Administrator</td>
<td>Anna Pickering</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:anna.pickering@anu.edu.au">anna.pickering@anu.edu.au</a></td>
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<tr>
<td></td>
<td>+61 2 612 59045</td>
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<tr>
<td></td>
<td>Room 4.48 CBE Build. (26C)</td>
</tr>
<tr>
<td>Tutor(s)</td>
<td>No tutorials for this course</td>
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</tbody>
</table>

**SEMESTER 1**
**2017**
COURSE OVERVIEW

Learning Outcomes

By the end of this course, students are expected to:

• Obtain an in-depth understanding of investment theories and practice;
• Derive classical asset pricing models and perform basic empirical tests of the models;
• Utilize asset pricing models for investment analysis, such as performance measurement, return predictability and event analysis;
• Analyze and explain limitations of the models in relation to real world investment situations;
• Work in teams and develop interpersonal and cognitive skills to a higher level.

Assessment Summary

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Value</th>
<th>Due Date</th>
<th>Date for Return of Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In-class test (1)</td>
<td>10%</td>
<td>Week 5 (in-class)</td>
<td>Week 6 (in-class and office hours)</td>
</tr>
<tr>
<td>2. In-class test (2)</td>
<td>10%</td>
<td>Week 9 (in-class)</td>
<td>Week 10 (in-class and office hours)</td>
</tr>
<tr>
<td>3. Research Project (Assignment)</td>
<td>30%</td>
<td>Week 10 (11am, Monday, 8th May)</td>
<td>Week 12 (in-class and office hours)</td>
</tr>
<tr>
<td>4. Final Exam</td>
<td>50%</td>
<td>To be announced</td>
<td>To be announced</td>
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</tbody>
</table>

Research-Led Teaching

Text book material will be supplemented with the most recent information from relevant news and research. A large part of this course is learning by doing.

Feedback

Staff Feedback

• Verbal (common) comments on the assessment of tests (1) and (2) are to be provided in the class;
• Verbal (individual) comments on the assessment of tests (1) and (2) are to be provided during office hours;
• Verbal (group-related) comments on the assessment of Research Project are to be provided during office hours.

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 recognise 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 Rule before the commencement of their course.

Other key policies include:

- Student Assessment (Coursework)
- Student Surveys and Evaluations

Required Resources
Commonwealth supported students and domestic full-fee paying students generally must be able to complete the requirements of their program of study without the imposition of fees that are additional to the student contribution amount or tuition fees.

Provided that its payment is in accordance with the Act, a fee is of a kind that is into any one or more of the following categories:

(a) It is a charge for a good or service that is not essential to the course of study.

(b) It is a charge for an alternative form, or alternative forms, of access to a good or service that is an essential component of the course of study but is otherwise made readily available at no additional fee by the higher education provider.

(c) It is a charge for an essential good or service that the student has the choice of acquiring from a supplier other than the higher education provider and is for:

   (i) equipment or items which become the physical property of the student and are not consumed during the course of study; or

   (ii) food, transport and accommodation costs associated with the provision of field trips that form part of the course of study.

(d) It is a fine or a penalty provided it is imposed principally as a disincentive and not in order to raise revenue or cover administrative costs.

Additional course costs
Additional costs that students undertaking this subject incur, include the purchase of the recommended textbooks (see below).

Examination material or equipment
http://www.anu.edu.au/students/program-administration/assessments-exams/examination-conduct

Recommended Resources
No prescribed (required) text.
Recommended reading:

5. **Investments** by Bodie, Kane, and Marcus is recommended if you have to refresh your memories about basic concepts.

The lecturer will make any supplemental readings available on Wattle.

**COURSE SCHEDULE**

<table>
<thead>
<tr>
<th>Week</th>
<th>Summary of Activities</th>
<th>Assessment</th>
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</thead>
<tbody>
<tr>
<td>1 (20/02)</td>
<td>Introduction</td>
<td></td>
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<tr>
<td>2 (27/02)</td>
<td>Utility Theories and Asset Pricing (AP) fundamentals</td>
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<tr>
<td>3 (6/03)</td>
<td>Contingent Claims and SDF</td>
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<tr>
<td>4 (13/03)</td>
<td>Mean Variance Optimization and CAPM</td>
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<tr>
<td>5 (20/03)</td>
<td>Empirical Test of CAPM</td>
<td>In-class test (1)</td>
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<tr>
<td>6 (27/03)</td>
<td>APT and Factor Models</td>
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<tr>
<td></td>
<td></td>
<td>1st April – 17th April (inclusive) – Non-Teaching Period</td>
</tr>
<tr>
<td>7 (17/04)</td>
<td>Return Predictability and EMH</td>
<td></td>
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<tr>
<td>8 (24/04)</td>
<td>Cross Sectional Predictability: Size &amp; Value</td>
<td></td>
</tr>
<tr>
<td>9 (1/05)</td>
<td>Multi-period Models and Conditional CAPM</td>
<td>In-class test (2)</td>
</tr>
<tr>
<td>10 (8/05)</td>
<td>Performance Measurement and Event Studies</td>
<td>Project (Assignment) Due</td>
</tr>
<tr>
<td>11 (15/05)</td>
<td>AP under Asymmetric Information</td>
<td></td>
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<tr>
<td>12 (22/05)</td>
<td>Topics in Behaviour Finance</td>
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<tr>
<td></td>
<td></td>
<td>Examination period</td>
</tr>
</tbody>
</table>
Assessment Tasks

Assessment Task 1: In-class test (1)

Details of task:

- The in-class test will be a closed-book test, with no formula sheet provided. The test will be 30 minutes in length, with an additional 5 minutes of reading time. The test is compulsory;
- The test will comprise a mixture of theory and practical questions relating to materials covered in Weeks (1) to (4) and will count towards 10% of students' final course grade;
- Further details of the test structure will be provided as the test date approaches.

Assessment Task 2: In-class test (2)

Details of task:

- The in-class test will be a closed-book test, with no formula sheet provided. The test will be 30 minutes in length, with an additional 5 minutes of reading time. The test is compulsory;
- The test will comprise a mixture of theory and practical questions relating to materials covered in Weeks (5) to (8) and will count towards 10% of students' final course grade;
- Further details of the test structure will be provided as the test date approaches.

Assessment Task 3: Research Project (Assignment)

Details of task:

- The assignment is compulsory and counts towards 30% of students’ final grade for the course;
- The assignment is take home and can be undertaken individually or in groups (no more than three students);
- A hard copy as well as online submission is required;
- Online Submission: 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;
- 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.
- Hard Copy Submission: A complete report as well as appendices such as STATA programming codes (see below) needs to be submitted. Completed assignments must be submitted in the assignment boxes located outside the Research School of Finance, Actuarial Studies and Statistics Office, 4th Floor, CBE Building (Build. 26C). The submissions are due no later than 11am on the submission day.
- Assignments must include a cover sheet. Cover sheets will be provided on Wattle as the assignment due date approaches. Please note that the assignments and cover sheets cannot include the name of the students. Students are only to use their student IDs;
- 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 and time;
- Graded assignments will be returned to students at the start of the lecture on Week 12.
- Further details of the report requirements and structure will be provided in the class.
Assessment Task 4: Final Exam

Details of task:

- The final exam will be a closed-book test, with no formula sheet provided. The exam will be 3 hours in length, with an additional 15 minutes of reading time. 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.

STATA Statistical Software

Usage of statistical software STATA is required. Students are not required to purchase the STATA package. Access can be obtained from the computer labs on campus. STATA crash course (main commands and manual) will be provided. Each student is assumed to have access to a personal computer or computer lab.

Extensions and penalties

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

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.

Referencing requirements

http://www.anu.edu.au/students/learning-development/academic-integrity/style-guides

http://www.anu.edu.au/students/learning-development/academic-integrity

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.

Privacy Notice

The ANU has made a number of third party, online, databases available for students to use. Use of each online database is conditional on student end users first agreeing to the database licensor’s terms of service and/or privacy policy. Students should read these carefully.

In some cases student end users will be required to register an account with the database licensor and submit personal information, including their: first name; last name; ANU email address; and other information.

In cases where student end users are asked to submit ‘content’ to a database, such as an assignment or short answers, the database licensor may only use the student’s ‘content’ in accordance with the terms of service – including any (copyright) licence the student grants to the database licensor.
Any personal information or content a student submits may be stored by the licensor, potentially offshore, and will be used to process the database service in accordance with the licensor’s terms of service and/or privacy policy.

If any student chooses not to agree to the database licensor’s terms of service or privacy policy, the student will not be able to access and use the database. In these circumstances students should contact their lecturer to enquire about alternative arrangements that are available.

**Tutorial Seminar Registration**

No tutorials for this course.

**Communication**

Students should contact the lecturer via email at alexander.vadilyev@anu.edu.au.

If necessary, the lecturer for this course will contact students on their official ANU student email address.

Students are expected to check the Wattle site for announcements about this course, e.g. changes to timetables or notifications of cancellations. Notifications of emergency cancellations of lectures will be posted on the door of the relevant room.

**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/)