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 | n.a. |
| Co-taught Courses    | n.a. |

| Course Convener:     | Dr. Daruo Xie |
| Phone:               | + 61 2 61257422 |
| Email:               | Daruo.Xie@anu.edu.au |
| Office hours for student consultation: | Monday 10am –12am  
|                      | Room 4.40, CBE Bld (26C) |

| Research Interests   | ● Asset Pricing |
| Relevant administrator | Anna Pickering  
|                      | Room 4.48, CBE Bld (26C) |
| Phone:               | +61 2 612 51526 |
| Email:               | patricia.penm@anu.edu.au |

| Tutor(s):            | Bardia Khorsand (bardia.khorsand@anu.edu.au)  
|                      | Kuang Li (u4592630@anu.edu.au) |

SEMESTER 2
2017
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. Mid-term Exam</td>
<td>25% (or 0%)</td>
<td>To be announced</td>
</tr>
<tr>
<td>2. Assignment</td>
<td>10%</td>
<td>10am, 19 Sep, 2017</td>
</tr>
<tr>
<td>3. Final Exam</td>
<td>65% (or 90%)</td>
<td>To be announced</td>
</tr>
</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

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 Rules 2014 before the commencement of their course.

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

Required Textbooks

Examination material or equipment
- Calculator (non-programmable)
- One A4 page with notes on both sides (cheat sheet)
- Unannotated paper-based dictionary

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</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Risk, Return and Historical Data</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Preferences, Risky Assets and Building Portfolios</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>The Capital Asset Pricing Model</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Arbitrage Pricing and Multifactor Models (1)</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Arbitrage Pricing and Multifactor Models (2)</td>
<td>Mid-term Exam</td>
</tr>
<tr>
<td>7</td>
<td>Efficient Markets</td>
<td>Assignment</td>
</tr>
<tr>
<td>8</td>
<td>Technical Analysis and Behavioral Finance</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Portfolio Evaluation</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Bond Pricing, Yields and the Term Structure of Interest Rates</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Managing Bond Portfolios</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Hedge Funds; Review</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Examination period</td>
<td>Final Exam</td>
</tr>
</tbody>
</table>
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

Assessment Task 1: Mid-term Exam (redeemable)
Details of task:
• The Mid-term exam will be closed-book test.
• Mid-semester exams are redeemable and optional for this course. No deferred mid-semester examinations will be offered.
• The Mid-term exam will count towards 25% (or 0%) of students’ final course grade.
• The expected examination date as week 6 or 7. Further details of the exam structure will be provided as the exam date approaches.

Assessment Task 2: Assignment
Details of task:
• The assignment will involve students analysing financial market data and interpreting their results in a written report. Students 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 10% of students’ final grade for the course. The assignment is compulsory.
• Late submissions of assignments are not accepted. Students will receive a mark of 0 for the assignment if it is submitted after the due date;
• Competed assignments (hard copy) are to be submitted no later than 10 am, Sep 19, 2017.

Examination
• The final exam will be closed-book test. 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 65% of students’ final course grade.

• Further details of the exam structure will be provided as the exam date approaches.

**Assignment submission**

**Hard Copy Submission:** All students submit their assignments to a physical assignment box on the 4th floor CBE. Assignments must include the cover sheet. Please keep a copy of tasks completed for your records.

**Extensions and penalties**

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.

**Returning assignments**

N/A

**Resubmission of assignments**

Resubmission is not accepted.

**Referencing requirements**

N/A

**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 licensors 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**
Tutorial signup for this course will be done via the Wattle website. Detailed information about signup times will be provided on Wattle or during your first lecture. When tutorials are available for enrolment, follow these steps:

1. Log on to Wattle, and go to the course site.
2. Click on the link “Tutorial enrolment”.
3. On the right of the screen, click on the tab “Become Member of ……” for the tutorial class you wish to enter.
4. Confirm your choice.

If you need to change your enrolment, you will be able to do so by clicking on the tab “Leave group…” and then re-enrol in another group. You will not be able to enrol in groups that have reached their maximum number. Please note that enrolment in ISIS must be finalised for you to have access to Wattle.

**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/)