

THE UNIVERSITY OF  
NEW SOUTH WALES



Australian School of Business  
School of Banking and Finance

***FINS2624***  
***PORTFOLIO MANAGEMENT***

***COURSE OUTLINE***  
***SESSION 1, 2008***

<u>1. COURSE STAFF</u>	<u>3</u>
1.1 Communication with Staff	3
<u>2. INFORMATION ABOUT THE COURSE</u>	<u>3</u>
2.1 Teaching Times and Locations	3
2.2 Units of Credit	3
2.3 Parallel Teaching in the Course	4
2.4 Relationship of This Course to Other Course Offerings	4
<u>3. COURSE AIMS AND LEARNING OUTCOMES</u>	<u>4</u>
3.1 Course Aims	4
3.2 Student Learning Outcomes	4
3.3 Approach to Learning and Teaching	5
3.4 Teaching Strategies	6
<u>4. CONTINUAL COURSE EVALUATION AND IMPROVEMENT</u>	<u>7</u>
<u>5. LEARNING ASSESSMENT</u>	<u>7</u>
5.1 Formal Requirements	7
5.2 Assessment Details	7
5.3 Assignment Submission Procedure	10
5.4 Late Submission	10
5.5 Special Consideration and Supplementary Examinations	10
<u>6. ACADEMIC HONESTY AND PLAGIARISM</u>	<u>11</u>
<u>7. STUDENT RESPONSIBILITIES AND CONDUCT</u>	<u>12</u>
7.1 Lecture and tutorial enrolment	12
7.2 Workload	12
7.3 Attendance	13
7.4 General Conduct and Behaviour	13
7.5 Keeping Informed	13
7.6 Key Dates	13
<u>8. STUDENT RESOURCES</u>	<u>14</u>
8.1 Course Resources	14
8.2 Other Resources, Support and Information	14
<u>9. COURSE SCHEDULE</u>	<u>16</u>
9.1 Lecture Program	16
9.2 Tutorial Program	16

## 1. COURSE STAFF

Staff*	Tel. no.	Email
A/Prof Ah-Boon Sim (LIC)	93855868	a.sim@unsw.edu.au
Mr David Tan (L)	93854369	dtwtan@gmail.com
Dr Henry Yip (L)	93855870	h.yip@unsw.edu.au
Mr Andrew Ainsworth (TIC)	93857864	andrew.ainsworth@student.unsw.edu.au

Tutors:

Michael Lee, Angus Macauley, Milos Ilic-Miloradovic and Linda Wang

\* LIC, L and TIC denote lecturer in charge, lecturer and tutor in charge, respectively. We'll post the contact details of the tutors and consultation times for all staff on WebCT Vista in due course.

### 1.1 Communication with Staff

Students are welcome to contact staff in person or by phone during consultation times to discuss questions relating to lecture and tutorial materials. We are located on Level 3 of the ASB Building. For consultation outside of consultation times, please make an appointment.

For e-mail communication with staff, University regulations indicate that students must use a valid UNSW student account. Always include a contact number to facilitate reply. E-mail is best suited for asking simple questions on course administration that require a short reply. E-mail is neither an appropriate nor an effective medium of learning. Do not expect staff to reply to an e-mail that requests extensive or substantive answers. These questions are best raised in consultation times. Do not send emails to staff via the course webpage in WebCT Vista.

For enquires that relate to the administration of the course and tutorials, students should contact Ah Boon Sim and Andrew Ainsworth, respectively.

## 2. INFORMATION ABOUT THE COURSE

### 2.1 Teaching Times and Locations

There are three streams of lecture held weekly in teaching weeks 1 to 12:

Day	Time	Location
Tue	14:00 - 16:00	Law Th G04
Tue	18:00 - 20:00	Elec Eng G25
Thu	10:00 - 12:00	Science Th

Tutorials commence in week 2 and are held weekly. The list of tutorial times and locations can be found in the following web page:

*<http://www.timetable.unsw.edu.au/current/FINS2624.html>*

### 2.2 Units of Credit

This course is allocated 6 units of credit.

### **2.3 Parallel Teaching in the Course**

There is no parallel teaching (UG/PG) involved in this course.

### **2.4 Relationship of This Course to Other Course Offerings**

Portfolio Management is one of the four core courses in finance. This course extends and applies knowledge in financial mathematics acquired from FINS1613 and/or ECON1202 to price shares, bonds and stock options; portfolio theory from FINS1613 to rank and select portfolios; linear programming and calculus from ECON1202 to determine the composition and attributes of a portfolio; frequency distribution, measures of central tendency, mean and dispersion, normal distribution, point estimation of population parameters and confidence intervals from ECON1203 to understand investment risk, expected return and the Black-Scholes option pricing model; hypothesis testing, t-distribution, and bivariate regression from ECON1203 to study the single index model; and spreadsheet computer programs from ECON1202 to gain hands-on experience in spreadsheet applications developed for the tutorial program.

This course also covers the assumed knowledge required by finance courses in the area of funds management: FINS3640 and FINS3641; real estate finance: FINS3633; risk management: FINS3631, FINS3635 and FINS3636; international finance: FINS3616 and FINS3651; and honours program: FINS3775.

## **3. COURSE AIMS AND LEARNING OUTCOMES**

### **3.1 Course Aims**

Diversification is a key element in portfolio design to ride the volatility of the market and build wealth over the long term. This course will help you to understand the benefits of diversification to minimise risk and achieve the best possible expected return from your investment. We'll study and apply the Markowitz portfolio theory, capital asset pricing model, single index model, and efficient market hypothesis to design portfolios, to identify under- and over-valued securities, to measure, price and manage risks, and to evaluate investment performance. We'll discuss the pricing of bonds and stock options. You'll discover how to manage a bond portfolio and to formulate option trading strategies to improve investment performance. You'll also use spreadsheet applications to apply and enhance your understanding of securities pricing and investment theories.

### **3.2 Student Learning Outcomes**

By the end of the course, you should be able to

1. Explain the popularity of index funds and the anomalies that contradict the efficient market hypothesis;
2. Apply the portfolio theory to rank and select portfolios; the capital asset pricing model to measure and price risk; the single index model to test market efficiency, to separate market risk from firm-specific risk, and to identify mispriced securities; the theories of the term structure and the duration concept to explain the choice of bonds;

3. Distinguish the settlement price and quoted price of a Commonwealth government bond;
4. Derive the capital asset pricing model that states a linear relationship between risk and expected return;
5. Evaluate and compare the performance of a portfolio to that of a benchmark;
6. Identify any violation to the no arbitrage equilibrium and outline the trading to simultaneously eliminate the violation and earn a risk-free profit.
7. Use Excel to solve problems proficiently and creatively;
8. Develop the skills to think critically and analytically;
9. Improve your communication skills through class discussions and presentations;
10. Increase your information literacy skills to appropriately locate, evaluate and use relevant information.

### **3.3 Approach to Learning and Teaching**

The philosophy underpinning this course is best summarised by the following list of guidelines extracted from Guidelines on Learning that inform teaching at UNSW:

<http://www.guidelinesonlearning.unsw.edu.au/guideline16.cfm>.

1. Effective learning is supported when students are actively engaged in the learning process.
2. Effective learning is supported by a climate of inquiry where students feel appropriately challenged and activities are linked to research and scholarship.
6. Students become more engaged in the learning process if they can see the relevance of their studies to professional, disciplinary and/or personal contexts.
7. If dialogue is encouraged between students and teachers and among students (in and out of class), thus creating a community of learners, student motivation and engagement can be increased.
10. Clearly articulated expectations, goals, learning outcomes, and course requirements increase student motivation and improve learning.
11. When students are encouraged to take responsibility for their own learning, they are more likely to develop higher-order thinking skills such as analysis, synthesis, and evaluation.
15. Effective learning is facilitated by assessment practices and other student learning activities that are designed to support the achievement of desired learning outcomes.
16. Meaningful and timely feedback to students improves learning.

I believe that a disciplined approach to learning is important for effective learning. Students should engage in the learning process actively through regular class attendance, active class participation, timely preparation for and revision of class activities, and regular staff consultation to resolve any learning issues.

I also believe that a well organised and structured course is important for effective learning and teaching. Besides designing a coherent lecture and tutorial program to present and discuss the syllabus in a sequential and logical manner, I'll use actual examples and research findings to demonstrate the relevance of the subject to the profession.

To prepare students to practise finance, I believe that it's best to encourage students to form a habit of reading the financial press and finance journals to gain practical knowledge, develop higher order thinking skills, and appreciate the many applications of the theories taught in class to the real world

The teaching strategies and assessments that I formulate below are due entirely to the learning outcomes and philosophy underpinning this course.

### **3.4 Teaching Strategies**

The teaching in this course goes through a cycle of six coherent and equally important components: the lecture, your private study and self-assessment, spreadsheet applications, tutorial, package of newspaper and journal readings, and feedback.

The role of the lectures is to introduce you to the world of finance in the area of portfolio management. The topics include investment theories and securities pricing. Whenever a finance theory is introduced, I'll derive it formally, discuss its contribution and applications, and use practical examples to relate the theory to the real world. I believe that this logical sequence of discussion can help you assimilate knowledge due to understanding rather than memorisation. I'll also raise questions in class to engage all of you in the learning process, encourage class participation and interactions.

Once you are equipped with the knowledge acquired from lectures, you should revise the lesson by studying the prescribed textbook reading, practise the knowledge by attempting the revision questions (at the end of each session in Yip), and evaluate your understanding by checking the answers against the suggested solutions (provided at the end of the textbook by Yip).

To advance your knowledge further, you should also attempt the tutorial questions prior to the tutorial. You can find the list of tutorial questions in section 9 of this course outline. Some questions will require you to use Excel to solve problems. You have the assumed knowledge from ECON1202 to study and apply the spreadsheet applications presented in the textbook on your own. Excel is commonly used in the finance industry. It facilitates complex analysis and problem solving. I aim to use these questions to improve your understanding of the subject matter, problem solving skills and proficiency in Excel; and to prepare you for the profession.

The roles of the tutorial are to discuss questions and conduct assessments. We value your active participation to ask and answer questions. To improve your understanding and to reinforce your knowledge, the tutor will focus on explaining the approach to each question rather than just giving you the final answer to memorise. We'll also conduct assessments in the tutorial to encourage student engagement in learning and support effective learning.

In this dynamic environment, we need to be aware of the latest event/development in the market and research finding to broaden our knowledge and to keep us up to date and ahead. I'll use and refer you to a number of articles collected from the newspaper and research journal in my teaching and assessment.

#### **4. CONTINUAL COURSE EVALUATION AND IMPROVEMENT**

Each year we seek feedback from students and tutors about the course. UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process is one of the ways in which student evaluative feedback is gathered. We take the feedback seriously and make continual improvements based on this feedback. We also take the initiative to experiment with new strategies to improve teaching and assessment.

In last year for example, detailed (rather than concise) solutions to the tutorial questions were provided upon students' request. Regarding new strategies, I started using quiz to test student academic knowledge and encourage timely revision. I also introduced team presentations to engage students in learning practical knowledge from the newspaper, relate their learning to the real world, and provide students the opportunity and experience of public speaking.

This year I am going to (i) raise the marks allocated to each of the two quizzes from 2 to 4 to provide further incentive for you to engage in timely revision; (ii) add a comprehension task to motivate you to read the newspaper articles and assimilate practical knowledge; and (iii) assign each one of you a newspaper article to read and a question on which a brief presentation is based. This will give each and every one of you a chance to experience public speaking.

To provide meaningful and timely feedback, I have also set a target to turnaround the grading, release the result, and provide feedback within two weeks of any assessment.

#### **5. LEARNING ASSESSMENT**

##### **5.1 Formal Requirements**

In order to pass this course, you must:

- achieve a composite mark of at least 50; and
- attempt all assessment tasks (see below).

##### **5.2 Assessment Details**

The course will be assessed as follows:

<b>Item</b>	<b>Weight</b>	<b>Administration date (A) / Due date (D)</b>	<b>Learning Outcomes</b>
2 Quizzes	2 x 4% each	10 minutes in week 4 tutorial and 5 minutes in week 6 tutorial (A)	2, 3, 7, 8

Written Comprehension (open book)	4%	10 minutes in week 5 tutorial (A)	10
Presentation	1%	1 minute per student in week 12 tutorial (A)	9, 10
3 Assignment questions	3 x 4% each	Q1 in week 9 tutorial, Q2 in week 10, and Q3 in week 11 (D)	1, 8, 10
Mid-session exam	37.5%	TBA	
Final exam	37.5%	Exam period – 2 hours	

You must take the two quizzes, written comprehension and presentation in your allocated tutorial. If you miss a scheduled tutorial when an assessment is held, you will not receive any mark for that particular assessment.

### Quiz

Quiz is a fair method to assess how well you understand the subject. There will be a total two quizzes. This assessment is aimed at achieving learning outcomes item number 2, 3, 7 and 8.

The first quiz to be held in week 4 will test your ability to compute and distinguish the settlement price and quoted price of a Commonwealth government bond. The grading criteria include the identification and computation of the input variables; the usage of the inputs to arrive at the final prices; and how well you can explain the difference between the two prices.

The second quiz to be held in week 6 will test your problem solving skills. In particular, we will ask you how to set up the Excel solver dialogue box to locate the global minimum variance portfolio. The grading criteria include your knowledge of the variables and their values if applicable, that are referred by (i) the target, (ii) cells that the optimisation program can change to achieve the target outcome, and (iii) the constraints that must be met.

### Written Comprehension

We talk about short-selling in a theoretical setting when the portfolio theory is discussed. But how exactly can we sell shares that we do not own in practice? Is short-selling restricted only to the hedge funds and large institutions? Are there any regulations and restrictions on short selling, and for what purposes? What are the costs and risks involved? ... To answer these questions, we need to conduct research.

For the purpose of this written comprehension assessment, I have collected three newspaper articles to date (which may grow in time) for you to learn short-selling, and set a few questions (may be similar and/or different) to the ones above for you to answer in week 5 tutorial. Although you are allowed to bring the articles to tutorial, you are advised to study the articles well in advance. This assessment echoes *guidelines on learning that inform teaching* item number 1, 2, 6, 11 and 15; and is aimed at achieving learning outcomes item number 10.



The grading criteria are based on your (i) comprehension skills; (ii) written expression; and (iii) knowledge of short-selling.

### **Presentation**

To help students to relate and apply finance theories to the real world, I have been collecting newspaper articles relevant to the subject and sharing my collection with students since I started teaching. One way to encourage students to study the articles is to assign them a presentation task.

This year, I am putting more structure to this presentation task by setting a chain of questions for each article. We will select a few articles to conduct the presentation in week 12 tutorial. The number of articles selected will depend on the class size. Your tutor will allocate a separate question to each one of you. Those with questions relating to the same article may prepare for the presentation as a team and take turn to present the answer to maintain the flow of information. Each one of you should aim at presenting the answer within one minute.

You will be awarded one mark as long as you have made a reasonable attempt to speak up and can show evidence of preparation such as a written answer for submission to the tutor or confidence in your speech. The tutor reserves the right to award partial or zero mark for a half-hearted effort or unsatisfactory attempt.

### **Mid-Session & Final Exams**

The mid-session exam covers lecture topics from week 1 to 6. For the final exam, the syllabus includes lecture topics from week 7 to 12.

During the course, you are given ample opportunities to solve problems and communicate your thoughts in writing on specific topics. We'll use multiple-choice questions to conduct a comprehensive test of your knowledge and understanding of the subject.

We'll provide further information on the venue and date of the MS exam once the room booking is confirmed. Due to the introduction of a 12-week semester, we plan to hold the exam on a Saturday.

### **Assignment**

The Capital Asset Pricing Model tells us to invest in a portfolio with the same composition as the market index. But take a look at the pool of managed funds, there are different types and a diversity of investment styles. Savvy investors and funds managers do think outside the square. They conduct their own empirical research to identify superior investment opportunities and watch out for research findings that provide contradicting evidence to the efficient market hypothesis. These so called anomalies are invaluable to those who are keen to design a strategy or invest in a portfolio with the potential to beat the market.

Value investing and growth investing are two typical styles of investment adopted by fund managers in practice. In the long run, Capaul, Rowley, and Sharpe (1993) showed that the global value portfolio outperformed the global growth portfolio. To guide you to investigate the meaning of value and growth, research their historical

performances, and critically evaluate the arguments raised to explain the superior performance of value over growth, I have included in your reading list two journal articles from the Financial Analysts Journal, a journal that “*emphasizes research of practical value to investment professionals, while exploring new and challenging topics that provide a unique perspective in the rapidly evolving profession of investment management*”. I have also written three assignment questions for each one of you to attempt individually. You may download the assignment to be available from the course webpage in due course. This assessment echoes *guidelines on learning that inform teaching* item number 1, 2, 6, 11 and 15; and is aimed at achieving learning outcomes item number 1, 8 and 10.

You must

- type up the answers using a font size of no less than 12;
- fill in the details listed in the cover page (available from the course webpage) and include the cover page in each submission; and
- observe the word limit and provide a (correct) word count for each question.

The grading criteria is based on how well you locate, evaluate and use relevant information provided in the two journal articles; structure and explain the arguments in a logical and coherent fashion; observe the assignment format; and acknowledge the work of others.

### **5.3 Assignment Submission Procedure**

There are three questions all together. You must submit your answer to the first, second and third questions to your tutor and in your tutorial held in week 9, 10 and 11, respectively.

### **5.4 Late Submission**

The due date is strictly adhered to. Assoc Prof Ah Boon Sim will consider relaxing the due date if and only if you can provide him a timely, reasonable and documented (severe) medical or compassionate excuse. In any case, he reserves the right not to grant any extension. If you fail to submit on time without prior approval, you are deemed to have failed to attempt an assessable component.

### **5.5 Special Consideration and Supplementary Examinations**

**UNSW Policy and Process for Special Consideration applies** (see <https://my.unsw.edu.au/student/atoz/SpecialConsideration.html>). Specifically:

- Applications for special consideration (including supplementary examinations) must go through UNSW Central administration (within 3 working days of the assessment to which it refers) – applications will **not** be accepted by teaching staff;
- Applying for special consideration does not automatically mean that you will be granted additional assessment or that you will be awarded an amended result;
- If you are making an application for special consideration (through UNSW Central Administration) please notify your Lecturer in Charge;

- Please note that a register of applications for Special Consideration is maintained. History of previous applications for Special Consideration is taken into account when considering each case.

**School policy and process for Special Consideration also applies** (see [http://www2.banking.unsw.edu.au/nps/servlet/portalservice?GI\\_ID=System.LoggedOutInheritableArea&maxWnd=\\_Current\\_SpecialConsideration](http://www2.banking.unsw.edu.au/nps/servlet/portalservice?GI_ID=System.LoggedOutInheritableArea&maxWnd=_Current_SpecialConsideration)). Specifically:

- If supplementary examinations are awarded to you, you will receive an email in your University student email address.
- Student to give photocopies of the stamped original documentation submitted to UNSW Student Central and the Special Consideration application form to the lecturer-in-charge.

### **ASB Policy and Process for Special Consideration and Supplementary Exams**

In the ASB, requests for special consideration are determined by a Faculty wide panel which will advise the Lecturer in Charge of appropriate action.

If the Faculty panel (see above) grants a special consideration request, this may entitle the student to sit a supplementary examination. In such cases the following procedures will apply:

- Supplementary exams will be scheduled centrally and will be held approximately two weeks after the formal examination period. Actual date will be advised by mid-semester.
- Where a student is granted a supplementary examination as a result of a request for special consideration, the student's original exam (if completed) will not be marked and only the mark achieved in the supplementary examination will count towards the final grade.

Further information concerning supplementary examinations is available on the ASB website.

## **6. ACADEMIC HONESTY AND PLAGIARISM**

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For full information regarding policies, penalties and information to help you avoid plagiarism see:

**<http://www.lc.unsw.edu.au/plagiarism/index.html>**

Plagiarism is the presentation of the thoughts or work of another as one's own.\* Examples include:

- direct duplication of the thoughts or work of another, including by copying work, or knowingly permitting it to be copied. This includes copying material, ideas or concepts from a book, article, report or other written document (whether published or unpublished), composition, artwork, design, drawing, circuitry, computer program or software, web site, Internet, other electronic resource, or another person's assignment without appropriate acknowledgement;
- paraphrasing another person's work with very minor changes keeping the meaning, form and/or progression of ideas of the original;

- piecing together sections of the work of others into a new whole;
- presenting an assessment item as independent work when it has been produced in whole or part in collusion with other people, for example, another student or a tutor; and,
- claiming credit for a proportion a work contributed to a group assessment item that is greater than that actually contributed.†

Submitting an assessment item that has already been submitted for academic credit elsewhere may also be considered plagiarism.

The inclusion of the thoughts or work of another with attribution appropriate to the academic discipline does *not* amount to plagiarism.

Students are reminded of their Rights and Responsibilities in respect of plagiarism, as set out in the University Undergraduate and Postgraduate Handbooks, and are encouraged to seek advice from academic staff whenever necessary to ensure they avoid plagiarism in all its forms.

The Learning Centre website is the central University online resource for staff and student information on plagiarism and academic honesty. It can be located at:

[www.lc.unsw.edu.au/plagiarism](http://www.lc.unsw.edu.au/plagiarism)

The Learning Centre also provides substantial educational written materials, workshops, and tutorials to aid students, for example, in:

- correct referencing practices;
- paraphrasing, summarising, essay writing, and time management;
- appropriate use of, and attribution for, a range of materials including text, images, formulae and concepts.

Individual assistance is available on request from The Learning Centre.

Students are also reminded that careful time management is an important part of study and one of the identified causes of plagiarism is poor time management. Students should allow sufficient time for research, drafting, and the proper referencing of sources in preparing all assessment items.

\* Based on that proposed to the University of Newcastle by the St James Ethics Centre. Used with kind permission from the University of Newcastle

† Adapted with kind permission from the University of Melbourne.

## 7. STUDENT RESPONSIBILITIES AND CONDUCT

### 7.1 Lecture and tutorial enrolment

It is your responsibility to manage your own enrolment and enrolment variations each semester, in myUNSW located at: [www.my.unsw.edu.au](http://www.my.unsw.edu.au).

### 7.2 Workload

It is expected that you will spend at least **ten hours** per week studying this course. This time should be made up of reading, research, working on exercises and problems, and attending classes. In periods where you need to complete assignments or prepare for examinations, the workload may be greater.

Over-commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

### 7.3 Attendance

Your regular and punctual attendance at lectures and tutorials is expected in this course. University regulations indicate that if students attend less than eighty per cent of scheduled classes they may be refused final assessment.

### 7.4 General Conduct and Behaviour

You are expected to conduct yourself with consideration and respect for the needs of your fellow students and teaching staff. Conduct which unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class. More information on student conduct is available at: [www.my.unsw.edu.au](http://www.my.unsw.edu.au)

### 7.5 Keeping Informed

You should take note of all announcements made in lectures, tutorials or on the course web site. From time to time, the University will send important announcements to your university e-mail address without providing you with a paper copy. You will be deemed to have received this information.

### 7.6 Key Dates

It is your responsibility to ensure that:

1. You are recorded by the University as being correctly enrolled in all your courses.
2. You have successfully completed all prerequisite courses. Any work done in courses for which prerequisites have not been fulfilled will be disregarded (unless an exemption has been granted), and no credit given or grade awarded.
3. **Monday 10 March** is the first day of Semester 1 classes. **Sunday 16 March** is the last day you can enrol in Semester 1 courses. **Saturday 31 March** is the last day for students to discontinue without financial penalty (and the last date to finalise arrangements for HECS-HELP and FEE\_HELP). **Sunday 27 April** is the last day to discontinue without academic penalty.
4. You organise your affairs to take account of examination and other assessment dates where these are known. Be aware that your final examination may fall at any time during the semester's examination period. The scheduling of examinations is controlled by the University administration. No early examinations are possible. The examination period for Semester 1, 2008, falls between **11 and 27 June**.
5. When the provisional examination timetable is released, ensure that you have no clashes or unreasonable difficulty in attending the scheduled examinations. The final examination timetable for Semester 1 is released in May.

6. Note that some Schools schedule a common date for any **supplementary exams** that may be required – it is your responsibility to check the School websites and ensure that you are available to take the exam on the scheduled date.

A full list of UNSW Key Dates is located at:

<https://my.unsw.edu.au/student/resources/KeyDates.html>

## **8. STUDENT RESOURCES**

### **8.1 Course Resources**

- i. Prescribed texts (available in the bookshop and library) –
  - o Bodie, Z., A. Kane and A. Marcus, 2008, *Investments*, 7<sup>th</sup> edition. Irwin McGraw Hill
  - o Yip, H., 2005, *Spreadsheet Applications to Securities Valuation and Investment Theories*, John Wiley & Sons
- ii. Required and suggested additional readings – A collection of newspaper and journal articles relevant to portfolio management is provided in the course webpage.
- iii. Recommended Internet sites – A collection of internet sites relevant to portfolio management is provided in the course webpage.
- iv. Additional materials provided in the course webpage include staff contacts and consultation times, lecture notes, exam information and course marks.

### **8.2 Other Resources, Support and Information**

The University and the ASB provide a wide range of support services for students, including:

#### **i. Learning and Study Support:**

##### **a. ASB Education Development Unit**

The Education Development Unit (EDU) provides learning support and assistance to all students in the ASB, to enable them to enhance the quality of their learning. The EDU services are free, and tailored to meet the academic needs of students in the Australian School of Business.

The role of the EDU is to provide

- A range of support initiatives for students from the Australian School of Business in relation to their transition to university;
- Learning skills development, resources and activities for Business students
- Academic writing and skills workshops throughout the session;
- Printed and online study skills resources, such as referencing guides, report writing and exam preparation;
- A drop-in EDU Office containing books and resources that can be borrowed;
- A limited consultation service for students with individual or small group learning needs.

The EDU website [www.business.unsw.edu.au/edu](http://www.business.unsw.edu.au/edu) contains information, online resources and useful links as well as providing information and dates for workshops. More information about the EDU services including resources, workshop details and registration, and consultation request forms are available from the EDU Office.

### **EDU Contact Details**

Location: Room GO7 Ground Floor, West Wing, Australian School of Business Building

Telephone: 02 9385 5584

Email: [Edu@unsw.edu.au](mailto:Edu@unsw.edu.au)

Website: [www.business.unsw.edu.au/edu](http://www.business.unsw.edu.au/edu)

### **b. UNSW Learning Centre (<http://www.lc.unsw.edu.au> )**

In addition to the EDU services, the UNSW Learning Centre provides academic skills support services for all UNSW students. The Learning Centre is located on Level 2 of the Library and can be contacted by phone: 9385 3890 or through their website.

### **ii. Technical support:**

For any technical support issues (difficulty logging in to websites, problems downloading documents, etc) you can contact the UNSW IT Service Desk at: (02) 9385 1333 ; Email: [servicedesk@unsw.edu.au](mailto:servicedesk@unsw.edu.au)

### **iii. Counselling support - <http://www.counselling.unsw.edu.au>**

Students experiencing problems of a personal or academic nature are encouraged to contact the Counselling Service at UNSW. This consultation service is free and confidential and run by professional counsellors. The Counselling Service also conducts workshops on topics such as 'Coping With Stress' and 'Procrastination'. The Counselling Service is located on Level 2, Quadrangle East Wing, and can be contacted on 9385 5418.

### **iv. Library training and support services - <http://info.library.unsw.edu.au>**

### **v. Disability Support Services**

Those students who have a disability that requires some adjustment in their teaching or learning environment are encouraged to discuss their study needs with the Course Coordinator or the Equity Officer (<http://www.studentequity.unsw.edu.au/disabil.html>). Early notification is essential to enable any necessary adjustments to be made.

In addition, it is important that all students are familiar with University policies and procedures in relation to such issues as:

- **Examination procedures** and advice concerning illness or misadventure <https://my.unsw.edu.au/student/academiclife/assessment/examinations/examinationrules.html>

- **Occupational Health and Safety** policies and student responsibilities:  
<https://my.unsw.edu.au/student/atoz/OccupationalHealth.html>

## 9. COURSE SCHEDULE

### 9.1 Lecture Program

Wk	Topic	Prescribed Readings	Lecturer
1	Course introduction & bond pricing	COL, WebCT Vista, Yip S1 & S2	Yip
2	Yield to maturity, holding period return & the term structure of interest rates	Yip S2 & S4	Yip
3	Spot rates and duration	Yip S4 & S5	Yip
4	Markowitz portfolio theory	BKM Ch 5, Yip S6	Tan
5	Optimal risky & optimal balanced portfolios	BKM Ch 7, Yip S7	Tan
6	Capital Asset Pricing Model	BKM Ch 9, Yip S8	Tan
7	Single Index Model	Yip S9, BKM Ch 8	Tan
8	Performance measures	Yip S10	Yip
9	Efficient Market Hypothesis	Yip S12	Yip
10	Stock options & option strategies	Yip S13	Yip
11	Black-Scholes option pricing model	Yip S14	Yip
12	Conclusion & revision		Yip

Lecture notes will be posted on WebCT Vista in due course.

### 9.2 Tutorial Program

Wk	Topic	Prescribed Excel & pdf files	Prescribed questions
1	Introduction		
2	Bond pricing	BP.xls, BPdemo.pdf	Yip S2: DQ A–E
3	YTM, HPR & Term structure		Yip S4: DQ A, B(i)-B(iii), D–E
4	Quiz 1 Spot rates and duration	DURATION.xls, DURATIONdemo.pdf	Yip S5: DQ A–G
5	Written comprehension Portfolio theory*	EFRONTIER.xls, PTdemo.pdf	BKM Ch5 PQ 13-15.
6	Quiz 2 Optimal Portfolios*	OPTIMALP.xls, PTdemo.pdf	BKM Ch 7: PQ 9-11, 13 Yip S7: DQ A-B



7	Capital Asset Pricing Model*		BKM Ch 9: PQ 4, 5 & 31
8	Single Index Model*	SIM.xls, SIMdemo.pdf	BKM Ch 8: PQ 5-10
9	Assignment Q1 due Performance measures	PERFORMANCE.xls, PERFORMANCEdemo.pdf	Yip S 10: DQ A-E
10	Assignment Q2 due Efficient Market Hypothesis		Yip S12: DQ A – F
11	Assignment Q3 due Payoff & Profit/Loss Diagrams	PAYOFF.xls, PAYOFFdemo.pdf	Yip S13: DQ A – D
12	Student presentation Black-Scholes Model	BSMODEL.xls, BSMODELdemo.pdf	Yip S14: DQ A – F

**Note:**

\* Additional questions may be given during the semester.  
PQ denotes problem questions in Bodie, Kane and Marcus.  
DQ denotes discussion questions in Yip.

In the first tutorial to be held in week 1, your tutor will explain the tutorial program and make time for you to get to know your classmates.

**Prescribed Excel and pdf files:**

The prescribed xls and pdf files can be found in the CD that comes with the book by Yip. The *xls* file contains a template for each prescribed question that requires Excel. Before attempting the excel questions, you are advised to

- glance through the *pdf* file. Each file provide a concise explanation on the development of the spreadsheet application;
- refer to the demonstration section of Yip (2005). This section provides a detailed explanation of the spreadsheet application and its usage.