

MACQUARIE
UNIVERSITY



FACULTY OF
BUSINESS AND ECONOMICS

FIN310
Issues in Applied Finance
Semester 1, 2009

Department of Economics

Unit coordinator and contact info:

Unit Coordinator:

Associate Professor Stefan Trueck
Room: E4A 432
Email: strueck@efs.mq.edu.au
Tel.: 9805 8483

Lecture Times:

6 – 9 pm, Monday, X5B T1

Consultation Hours:

1 – 3 pm, Wednesday, Room: E4A 432

Unit overview

This unit attempts to provide an understanding of how theory and practice mesh in cutting-edge issues in applied finance.

Lectures are mainly presented by leading practitioners from the finance industry who outline and discuss with students the latest models and techniques in use. These are supplemented by lectures from experienced university staff.

Presenters are also often more than willing to answer informal questions about what the industry expects from graduates in finance, how best to obtain and survive an interview, how to get a challenging and promising position in the finance and investment industry, how to plan a successful career, and the mistakes to avoid.

The list of presenters, their affiliations and their topics, and the dates of their presentations is given below.

Assessment

The unit assessment will be based on a mid-semester test and a final examination, with the following weights:

Mid-semester test:	25%
Examination:	75%

The **mid-semester test** will be multiple choice questions that will cover everything up to Lecture 6; these questions may include calculations as well as “verbal” answers. The test is scheduled for **Monday, 6 April 2009**.

The **final examination** will be comprised of both multiple choice and long-answer questions, and it will cover the entire semester. The final examination will be scheduled by the University during the examination period.

The final exam MUST be passed for you to gain a passing mark in this unit.

Class/lecture preparation

The overheads for each lecture will be available on the unit webpage prior to the lecture. Occasionally there will be additional suggested reading available to support the topics presented.

FIN310 Prize

The *Australian Financial Review Prize in Applied Finance* is awarded each year to the most outstanding student in FIN310. The prize is kindly sponsored by the Australian Financial Review and is valued at \$250 plus a six month complimentary subscription to the AFR.

Lecture and Topic Schedule

Week	Date	Lecturer and Topic
1	23 February	Dr. Stefan Trück (Macquarie University) <i>Introduction</i> , and Kevin Nixon (Director of Markets, AFMA) <i>The Financial Crisis</i>
2	2 March	Dr. Edwin Franks (Macquarie University) <i>Applications of Stochastic Analysis in Finance I</i>
3	9 March	Dr. Edwin Franks (Macquarie University) <i>Applications of Stochastic Analysis in Finance II</i>
4	16 March	Dr. Malcolm Voyce (Division of Law, Macquarie University) <i>The Legal Aspects of the Financial Regime</i>
5	23 March	Dr. Stefan Trück (Macquarie University) <i>Risk Management in Financial Markets</i>
6	30 March	Dr. Stefan Trück (Macquarie University) <i>The Credit Rating Process</i>
7	6 April	Mid-semester test MID-SEMESTER BREAK
8	27 April	Mr. Robert Colla (Head of Risk Analysis, and Market Risk Management, Westpac) and Mr. Tim Dun (Senior Manager, Quantitative Analysis, and Market Risk Management Westpac) <i>Managing Market Risk</i>
9	4 May	Kevin Nixon (Director of Markets, AFMA) <i>Pricing Interest Rate Derivatives</i>
10	11 May	Mr. Arthur Wassink (Head of Portfolio Management Unit and Financing Product, Westpac) <i>Credit Risk Modeling</i>
11	18 May	Dr. Pavel Shevchenko (Principal Research Scientist, Financial Risk Management, CSIRO) <i>Derivatives and Exotic Options</i>
12	25 May	Mr. Tim Stringer (Head of Unlisted Property, Colonial First State) <i>Commercial Property Investment</i>
13	1 June	Dr. Stefan Trück (Macquarie University) <i>Carbon Dioxide Trading / Revision Lecture</i>

Learning Outcomes

The globalization of financial markets offers opportunities, but it also introduces new risks. As a response, novel investment techniques and market, as well as credit, risk management models have been introduced or are being developed. Through lectures presented by top practitioners and experienced academics, this unit will help you develop skills for managing, and keeping abreast of, changes that you will face in your professional career in the finance industry.

Generic skills

Dealing with advanced material in our subject area requires a range of generic skills. This unit aims to develop such skills. The lectures are tailored to enhance critical thinking and analysis, problem solving, and creative expression, while contributions to the Bulletin Board improve your writing skills, which are gaining in importance because of the increased use of email in business communications. However, you will only gain these skills through practice and application, and that begins with attending lectures, immersing yourself in solving problems raised in lectures, and participating in verbal and written debates and discussions in the classroom and online.

Plagiarism

The University defines plagiarism in its rules: “Plagiarism involves using the work of another person and presenting it as one’s own.” Plagiarism is a serious breach of the University’s rules and carries significant penalties. You must read the University’s practices and procedures on plagiarism. These may be found in the *Handbook of Undergraduate Studies* or on the web at : <http://www.student.mq.edu.au/plagiarism/>

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

University Policy on Grading

The Academic Senate has a set of guidelines on the distribution of grades across a range from fail to high distinction. Your final result will include one of these grades plus a standardized numerical grade (SNG).

On occasion your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, and so that students with similar performances compared with past students should achieve similar results.

It is important that you realize that the policy does not require that a minimum number of students be failed in any unit. In fact, it does something like the opposite, in requiring examiners to explain their actions if more than 20% of the students fail a unit.

The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another student will also receive a higher final scaled mark.

For further information on the policy see: <http://senate.mq.edu.au>

Student Support Services

Macquarie University provides a range of Academic Student Support Services. Details of these can be accessed at <http://www.student.mq.edu.au>.