COURSE OUTLINE

Hugh Dougherty
Lecturer in Charge
1. COURSE OBJECTIVES

This is an advanced-level course which examines international money, bond, equity and foreign exchange markets from the perspective of a risk-focused portfolio manager.

An emphasis is placed upon developing a balance between quantitative skill and qualitative understanding of real-world issues. Topics include:

- Orientation and overview of Portfolio Construction, Risk & Return
- Single-factor models (CAPM)
- Multi-factor models (APT)
- The Case for International Diversification
- Bond Markets; Term Structure of Interest Rates
- Credit Risk; Bond Portfolio Management
- Monte Carlo Simulation
- Foreign Exchange
- Introduction to Derivatives
- Theoretical Foundations (Future & Options)
- Real Options; Cost of Capital
- Behavioral Finance

2. ASSESSMENT

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essay</td>
<td>3000 words (see separate handout)</td>
</tr>
<tr>
<td>Final Exam</td>
<td>Multiple choice + essays (see separate handout)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>
3. ENQUIRIES & COURSE TIMETABLE

Lecturer-in-charge: Hugh Dougherty

Lecture Times: 6-9 pm, Mondays (room to be advised)

Unit Homepage: In order to ensure that every student is kept fully informed and that any unnecessary duplication is avoided, all communications for this course will take place via the unit homepage. This can be accessed by logging onto http://www.learn.mq.edu.au/ with your personal username and password, and then selecting the link commencing “ECON828…”

Once you have made it this far, click on the “Discussions” icon and then select the topic titled “Questions & Answers (Q&A)”. At this point, click on the message titled “Introduction” to find the text you are reading now.

To ask a question, select the reply button to this message and include the following (1) your name (2) your student ID number (3) your contact phone number and (4) a brief summary of your issue. Please remember that your question and my subsequent answer will be viewed by every student in the course.

University Rules: Students are reminded of University rules governing requests for special consideration when illness, misadventure or other cause prevents attendance at classes, affects the submission of work or impairs performance in examinations.

4. RECOMMENDED READINGS

Text: This unit does not rely on a specific set textbook. Rather, several recommended books (see below) will be used in conjunction with journal articles and lecture notes.

Recommended:


*Other Useful References:*


Students needing assistance with **mathematics** should first consult:


5. **READING GUIDE BY LECTURE TOPIC**

A separate handout is available (titled ‘List of Useful References, July 2009’) but this may differ from the actual flow of the lectures; it is a guide to general content rather than specific lecture detail or structure. It is also intended only as an initial assistance; further references may be given as the course proceeds.

When looking for reference material in the Library, always check Special Reserve first. Sometimes the only available version of a given reference is a different edition. You will need therefore to browse the table of contents etc to find the appropriate section.

It is important that you read as much material as you can in order to pass this course; exclusive reliance upon the lecture notes is insufficient to achieve this objective.