

MACQUARIE  
UNIVERSITY



FACULTY OF  
BUSINESS AND ECONOMICS

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# ACCG818 Investments

First Semester, 2010

*Department of Accounting and Finance*

**MACQUARIE UNIVERSITY**  
**FACULTY OF BUSINESS AND ECONOMICS**  
**UNIT OUTLINE**

**Year and Semester:** Semester 2, 2009

**Unit convenor:** Dr Helen Bendall

Email: Helen@maritrade.com.au

**Prerequisites:** Students enrolled in this unit are expected to have completed an undergraduate unit in finance, ACCG837 Capital Markets, or an equivalent unit. Students who are unsure of their suitability for enrolment should seek advice from the Graduate Accounting and Commerce Centre or the unit teaching staff.

Students should read the unit outline carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult the unit convenor.

**ABOUT THIS UNIT**

This unit provides an introduction to the fundamental concepts and their practical application to investment analysis. With an international approach, topics include selecting appropriate asset types for specific objectives, bond and stock valuation, asset allocation, risk-return trade-off, portfolio management, behavioural biases in investment decisions, and fundamental vs. technical analysis. The materials covered are of practical value as well as intellectual and academic interest.

From the professional perspective, contents covered in this unit will prepare students for career opportunities in the finance industry generally, not necessarily limited to the investment discipline. Students would particularly find the unit beneficial in preparing for the Chartered Financial Analysts (CFA) and financial planning examinations. Academically, the unit provides a pathway for further studies (particularly ACCG 839 Portfolio Management) and academic research in the investment discipline.

Studies in this unit complement the content of related units such as ACCG806 Risk Management and Derivatives, ACCG832 Business and Financial Analysis, ACCG837 Capital Markets, ACCG838 Business Valuation, ACCG890 Corporate Financial Forecasting and ECON867 International Financial Management.

**CLASSES**

The unit is comprised of thirteen (13) 3-hour face-to-face weekly seminars, which include the mid-semester and final examinations. Apart from the examinations, each

seminar consists of lectures, discussions between staff and students in topics covered in the units and revision questions, and consideration of solutions to past Chartered Financial Analysts (CFA) questions.

#### REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

##### Prescribed Text

BKM: Z. Bodie, A. Kane and A. J. Marcus, *Investments*, McGraw-Hill, eighth edition, 2009

#### UNIT WEB PAGE

The web page for this unit can be found at the LEARN website (<https://learn.mq.edu.au/>)

#### LEARNING OBJECTIVES AND OUTCOMES

The objectives of the unit are firstly to introduce students to a disciplined approach to investment analysis and secondly to develop integrated professional and academic competence in investment management.

Upon satisfactory completion of the unit, students should be able to understand and apply the following key concepts in real life investments, develop individual investment styles, undertake professional and academic research in the discipline, and to progress further in their preparation for CFA and financial planning examinations. The topics include the following:

- Selection of investment assets based on expected risk and return
- Asset allocation and portfolio construction
- Theoretical models of asset pricing
- Investment styles
- Fundamental vs. technical analysis
- Valuation of bonds and stocks
- Financial market efficiency and market anomalies
- Impact of cognitive biases on investment decisions

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop students' generic skills in a range of areas. One of the aims of the unit is to assist students to develop their skills in the following areas:

*Self-awareness and interpersonal skills;*  
*Communication skills;*  
*Critical analysis skills;*  
*Problem-solving and research skills as a practitioner and an academic;*  
*Creative thinking skills.*

## TEACHING AND LEARNING STRATEGY

The lecturer will explain and illustrate the key concepts in the discipline, and their professional and academic applications via an interactive mode. This teaching and learning strategy would stimulate students' interest and analytical thinking, and further develop their investment decision processes in a disciplined manner.

At the postgraduate level, students are expected to establish the discipline of self-learning and self-studying. Accordingly, students are expected to read the suggested references on the seminar topics each week, work through the review questions.

Many of the revision questions are drawn from past examinations for the Chartered Financial Analysts (CFA) program. The mid-semester and final examination papers may have a similar format. Solutions to the revision questions are available from the LEARN website.

SEMINAR PROGRAM	
Seminars	Readings and Revision Questions
Seminar 1: Risk and Return	BKM Ch. 5 Q. 1,2,7,10,11,14 CFA Q. 1,2
Seminar 2: Risk Aversion and Risky Assets	BKM Ch. 6 Q. 1,2,4,6,10,11,17 CFA Q. 1,2,3,4,5
Seminar 3: Optimal Portfolios Index Models	BKM Ch. 7 Q. 2,3,4,5,6 CFA Q. 1,2,4,5,6,7,11,12 BKM Ch. 8 Q. 2,3,4,6,7,17 CFA Q. 1,4,5
Seminar 4: Capital Asset Pricing Model Arbitrage Pricing Theory	BKM Ch. 9 Q. 2,3,5,13,14,19 CFA Q. 1,2,3,4,5,6,7 BKM Ch. 10 Q. 1,3,4,5,10 CFA Q. 1,2,3,4,5,6
Seminar 5: Efficient Markets Behavioural Finance	BKM Ch. 11: Q. 1,2,3,4,6,7,8,9,10 CFA Q. 1,2,3,4,5 BKM Ch. 12: Q. 1,2,3,5 CFA Q. 1,2

Seminar 6: Evidence on Security Returns Mid-semester Examination	BKM Ch. 13: Q. 1,3,5,6 CFA Q. 1,2
Seminar 7: Bonds Term Structure of Interest Rates	BKM Ch. 14: Q. 1,2,3,4,6,7,9 CFA Q. 3,5 BKM Ch. 15: Q. 1,3,4,5,6 CFA Q. 2,3,5
Seminar 8: Macroeconomic and Industry Analysis Equity Valuation Models	BKM Ch. 17: Q. 1,4,5,6,8,9,10 CFA Q. 3,4,5 BKM Ch. 18: Q. 1,2,4,5,6,7,16 CFA Q. 2,3
Seminar 9: Financial Statement Analysis	BKM Ch. 19: Q. 2,3,4,5,6 CFA Q. 1,3,5,6
Seminar 10: Options	BKM Ch. 20: Q. 1,2,3,5,6,8,15,16 CFA Q. 1,5
Seminar 11: Performance Evaluation	BKM Ch. 24: Q. 1,3,4,5,7,8,9,10 CFA Q. 1,2,4,5,6
Seminar 12: Investment Management Report Revision	
Seminar 13: Final examination	

#### STUDENT SUPPORT SERVICES

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

#### RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

##### Assessment Tasks

Mid-semester examination (1 hour)	20%
Investment management report	20%
Final examination (2 hours)	60%

The interactive mode of the seminars, discussion of the revision questions, and the tasks required of the assignment are all designed to facilitate students to formulate and subsequently apply the key concepts in the investment process, and to develop the associated analytical, problem-solving and research skills. On-the-spot verbal

communication and quick-thinking skills are enhanced by the interactive mode of the seminar.

The mid-term examination also serves as an interim check point on the progress of the students, so that individually tailored assistance and guidance could be provided to the students in their learning process where appropriate. Mid-semester and final examinations are closed book examinations.

Details of the Investment Management Assignment will be provided in a separate document at a later date. The assignment is specially designed for the students to develop professional and academic research and analytical skills, and the generic skills specified earlier. The Investment Management Assignment report is to be submitted during Seminar 12.

Students are expected to present themselves for examination at the time and place designated by the university. The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration.

#### **PLAGIARISM**

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 can be found in the *Handbook of Undergraduate Studies* or on the web at: <http://www.student.mq.edu.au/plagiarism/>