Year and Semester: 2012 Semester 1

Unit convenor: Lurion De Mello

[Prerequisites / Corequisites:] (ECON141 or ECON241 or STAT270 or STAT271) and (ECON200 or ECON201 or ECON203 or ECON204) and (ACCG252 or ACCG253) and (ACST200 or ACST201 or ACST202) and (admission to BAppFin or GPA 2.25).

Credit points: 3

This unit was previously offered as FIN310.

Students in this unit should read this unit guide carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

ABOUT THIS UNIT

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 that outline and discuss with students the latest models and techniques in use. These are supplemented by lectures from experienced university staff.

TEACHING STAFF

- **Convenor**
  Name: Lurion De Mello
  Email: lurion.demello@mq.edu.au
  Room: E4A 512
  Telephone: +61 2 9850 9179

- **Teaching Assistant**
  Name: Jing Liu
  Email: afin310@mq.edu.au

CONTACTING STAFF

Consultation Hours: Monday 3-5pm
Room: E4A 512 (Unit Convenor)
Room: E4B 108 (Teaching Assistant, but only if required)
You are encouraged to seek help at a time that is convenient to you from a staff member teaching on this unit during their regular consultation hours. In special circumstances, an appointment may be made outside regular consultation hours. Staff will not conduct consultations by email. You may, however, phone staff during their consultation hours.

In order to gain access to staff located at levels 1, 2 and 3 of building E4A during their consultation hours please ring the staff member from the phones available in the lobby (phone numbers of relevant staff members will be provided on Blackboard and are available next to the phones).

- Other ways of contacting staff
  You are welcome to email me directly but if you query would benefit the majority or if your classmates were able to answer your query then please use Moodle by posting your query to the appropriate forum. This has always been a successful avenue to get questions answered promptly.

Students experiencing significant difficulties with any topic in the unit must seek assistance immediately.

**CLASSES**

**Lecture: Lotus Theatre Monday 6 – 9pm (Please be on time)***  
Best Car Park is on the left as you enter from Balaclava Rd (near X5B)

The campus map can be downloaded from the following link  
http://www.ofm.mq.edu.au/maps_campus.html

The timetable for classes can be found on the University web site  
https://timetables.mq.edu.au/2012/

Classes in FIN310 are composed of a three hour lecture. Unit materials are learnt by attending lectures and through independent learning. The lectures provide a general overview of the topics highlighting a number of concepts and techniques. Students are strongly advised to study the additional reading material provided by the unit convenor and the lecturers and further explore all relevant concepts and techniques.

Students should attend a three-hour lecture every week. Lecture slides will be available prior to the lectures in iLearn. The lecture recording (audio and video) will also be available via Eco360 around 10pm on Monday’s (approximately 1 hr after the end of the lecture). Please see the Eco360 link in your course iLearn page.

**PRIZES**

The Financial Services Institute of Australasia, FINSIA, has kindly sponsored a prize of $500 for the most outstanding student in FIN310.
REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

There are no required or recommended texts for FIN310. Notes for each of the lectures will be made available in iLearn. If required, additional readings will also be provided.

TECHNOLOGY USED AND REQUIRED

Moodle is an online program available at https://iLearn.mq.edu.au/login/MQ/ through which students will be able to access resources such as lecture notes and iLectures to assist them throughout the semester. The discussion forum environment will be extensively used to allow students to interact with each other.

UNIT WEB PAGE

Course material is available on the learning management system at http://iLearn.mq.edu.au
You are strongly encouraged to regularly visit the website and use it as a resource centre to assist with your learning.

If you are unable to access the website because you are not aware of or have forgotten your username and password, please contact the IT helpdesk. All information can be found at http://informatics.mq.edu.au/help/

With regards to assistance in using Moodle please visit the following link. http://www.mq.edu.au/iLearn/student_info/index.htm
You can follow the tabs on the left, i.e., “Getting Started” and “Access iLearn”

Please remember to log out when you have finished using iLearn. Failure to do so could result in unauthorised access to your iLearn account.

LEARNING OUTCOMES

The learning outcomes and graduate capabilities of this unit are:

1. Apply economic and finance theories to practical situations or problems

2. Understand how financial regulation evolves in response to globalization, the introduction of new financial products, financial crises, and other changes affecting the finance industry

3. Understand the limitations of theories and techniques in finance and in particular to be aware of the assumptions upon which the theory and practice is based

4. Become exposed to and gain some working knowledge of the major mathematical and statistical models used in finance with particular emphasis on how these are modified for use within different areas of finance
5. Understand the various ways the finance industry manages risk

6. Understand how financial institutions are run and the influence of the legal and regulatory environment

**GRADUATE CAPABILITIES**

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop the capabilities the University’s graduates will need to develop to address the challenges, and to be effective, engaged participants in their world.

This unit contributes to this by developing the following graduate capabilities:

1. Discipline Specific Knowledge and Skills
2. Critical, Analytical and Integrative Thinking
3. Problem Solving and Research Capability
4. Capable of Professional and Personal Judgement and Initiative
5. Commitment to Continuous Learning

**LEARNING AND TEACHING ACTIVITIES**

The teaching strategy in AFIN310 recognises that students learn independently and assume responsibility for the learning process and with academic integrity.

Students are expected to participate in the unit by attending lectures, reading the provided material, thoroughly revising the lecture notes and preparing answers to the provided exercise questions and reading additional material about important issues in investment and risk.

What we aim to achieve in AFIN310 is deep (as opposed to surface) learning. Thus, learning is interpreted as making sense or abstracting meaning. Learning involves relating parts of the subject matter to each other and to the real world. Further learning is understood as comprehending the world by understanding and re-interpreting knowledge.

The teaching philosophy is articulated as follows:

**Lectures – large group learning (3 hour each teaching week)**

Lectures are intended to provide an overview of conceptual frameworks and issues in applied finance that are critical to the core themes of the unit. Usually one hour of the lecture time will be spent on exercise questions.
Independent learning – learning by doing (about 6 hours each teaching week and 9 hours each week during the 2-week mid-semester recess)

AFIN310 relies heavily on independent learning where students read the relevant material, listen to lectures, revise the lecture notes, participate in iLearn discussion forums and extend themselves by doing additional reading and research using the library online databases and data sources. Additionally students should research web resources such as Google scholar.

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<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Lecturer and Topic</th>
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<tbody>
<tr>
<td>1</td>
<td>27th February</td>
<td>Lurion De Mello and Jing Liu</td>
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<td></td>
<td></td>
<td><em>Introduction / Group Formation for Assignment</em></td>
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<td>2</td>
<td>5th March</td>
<td>Marianne Robinson (Lawyer and Manager of Compliance Solutions, DLA Piper Australia)</td>
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<td><em>Regulatory and Compliance Issues (Assignment Topic)</em></td>
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<td>3</td>
<td>12th March</td>
<td>Marianne Robinson (Lawyer and Manager of Compliance Solutions, DLA Piper Australia)</td>
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<td></td>
<td><em>Regulatory and Compliance Issues (Assignment Topic)</em></td>
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<td>4</td>
<td>19th March</td>
<td>Mr. Elmar Broscheit (Manager, Macquarie Capital Advisers)</td>
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<td><em>Venture Capital Investments (Possible Assignment Topic)</em></td>
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<td>5</td>
<td>26th March</td>
<td>Dr. Yuriy Kravvych (Manager, Internal Capital Modelling, Insurance Australia Group (IAG))</td>
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<td><em>Finance and Insurance</em></td>
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<td>6</td>
<td>2nd April</td>
<td>Mr. Mark Hancock (Precept Investment Actuaries Pty Ltd)</td>
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<td><em>Equity Analysis (Assignment Topic)</em></td>
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<td>Mid-Semester Break: Monday 9 April to Friday 20 April 2012</td>
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<td>7</td>
<td>23rd April</td>
<td>Mr. Mark Hancock (Precept Investment Actuaries Pty Ltd)</td>
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<td></td>
<td><em>Equity Analysis (Assignment Topic)</em></td>
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<td>8</td>
<td>30th April</td>
<td>Mr Nathan Toscan (Director, Lonergan Edwards &amp; Associates Limited)</td>
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<td><em>Mergers and Acquisition (Assignment Topic)</em></td>
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<td>9</td>
<td>7th May</td>
<td>Mr Nathan Toscan (Director, Lonergan Edwards &amp; Associates Limited)</td>
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<td></td>
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<td><em>Mergers and Acquisition (Assignment Topic)</em></td>
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<td>10</td>
<td>14th May</td>
<td>Hana Cho (Quantitative Analyst, Financial Market &amp; Treasury Risk Management, Westpac Institutional Bank)</td>
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<td><em>Managing Market Risk</em></td>
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<td>Martin Hill (Dealing Room Risk Manager, Financial Markets &amp; Treasury Risk Westpac Institutional Bank)</td>
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</tbody>
</table>
Managing Market Risk

Managing Market Risk

Martin Hill (Dealing Room Risk Manager, Financial Markets & Treasury Risk  Westpac Institutional Bank
Managing Market Risk

12  26th May  Andreas Hellmann (Lecturer, Accounting and Corporate Governance, Macquarie University)
Behavioural Finance/Accounting

Mr Shane Arthurson (www.finma.com.au, Financial Modelling Associates)
Advanced Financial Modelling

13  4th June  Mr Lurion De Mello
Revision Lecture

RESEARCH AND PRACTICE

• This unit gives the students three assignments that require them to refer to various research sources online and other library databases.
• This unit gives you opportunities to conduct your own research. Students are exposed to different financial products especially from their legal aspects and can also apply valuations techniques in their personal assessment of products prior to investing. Please note however that under no circumstances is neither Macquarie University nor the lecturer liable for any losses suffered from the application of investment techniques learnt in this subject.

RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

The unit assessment will be on one online quiz, three assignments and a final examination.

The online quiz will be held in week 4 as a diagnostic test to assess your progress in the course. It will comprise of 10 multiple choice questions. The exact date of the test will be announced via an iLearn announcement in Week 3.

The assignments will provide the opportunity for students to work on specified topics from Week 2&3, Week 4 (possible at this stage), Week 6&7 and Week 8&9. This will cover Regulatory and Compliance Issues, Equity Valuation and Mergers and Acquisitions. If Week 4 goes ahead then you will have a choice for the 1st assignment. The assignments will be due on April 4th, May 4th, and 16th May, 2012 (to be handed in at the assignment boxes provided at BESS). You will also have to submit a soft copy of the assignment via the Assignment Drop box and via
**Turnitin** (Both Available via iLearn). Please note that the electronic submissions will be used to check for collusion and plagiarism which carry penalties and possible expulsion. The assignment provides further opportunity for students to develop their critical analysis skills, problem-solving skills and creative thinking skills.
The final examination will comprise of multiple choice questions and short-answer questions. The weighting on the later will be higher. More details on topics etc. will be provided in last lecture.
All assessment tasks further develop problem solving, knowledge on applied finance and communication skills.

- Examinations

A final examination is included as an assessment task for this unit to provide assurance that:

1. the product belongs to the student and
2. the student has attained the knowledge and skills tested in the exam.

A 3 hour final examination for this unit will be held during the University Examination period.

The University Examination period in the First Half Year 2012 is from **Tuesday 12 June** to **24th of June**.

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations. [http://exams.mq.edu.au/](http://exams.mq.edu.au/)

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. The University’s policy on special consideration process is available at [http://www.mq.edu.au/policy/docs/special_consideration/policy.html](http://www.mq.edu.au/policy/docs/special_consideration/policy.html)

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period. (Individual Faculties may wish to signal when the Faculties' Supplementary Exams are normally scheduled.)

The Macquarie university examination policy details the principles and conduct of examinations at the University. The policy is available at: [http://www.mq.edu.au/policy/docs/examination/policy.htm](http://www.mq.edu.au/policy/docs/examination/policy.htm)

**ACADEMIC HONESTY**

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
• academic work is not falsified in any way
• when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at
http://www.mq.edu.au/policy/docs/academic_honesty/policy.html

GRADES

Macquarie University uses the following grades in coursework units of study:

HD - High Distinction
D - Distinction
CR - Credit
P - Pass
F - Fail

Grade descriptors and other information concerning grading are contained in the Macquarie University Grading Policy which is available at:

GRADING APPEALS AND FINAL EXAMINATION SCRIPT VIEWING

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.
http://www.businessandeconomics.mq.edu.au/new_and_current_students/undergraduate_current_students/how_do_i/grade_appeals

SPECIAL CONSIDERATION

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at:
http://www.mq.edu.au/policy/docs/special_consideration/policy.html

STUDENT SUPPORT SERVICES
Macquarie University provides a range of Academic Support Services. Details of these and other services for students can be accessed at http://www.student.mq.edu.au.

Students who are experiencing learning difficulties due to illness or family issues are strongly encouraged to access these support services. The Course Convener is not qualified to assist you in these matters.

**IT Conditions of Use**

Access to all student computing facilities within the Faculty of Business and Economics is restricted to authorised coursework for approved units. Student ID cards must be displayed in the locations provided at all times.

Students are expected to act responsibly when using University IT facilities. The following regulations apply to the use of computing facilities and online services:

- Accessing inappropriate web sites or downloading inappropriate material is not permitted. Material that is not related to coursework for approved units is deemed inappropriate.
- Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may result in criminal proceedings.

Non-compliance with these conditions may result in disciplinary action without further notice.

Students must use their Macquarie University email addresses to communicate with staff as it is University policy that the University issued email account is used for official University communication.