THE UNIVERSITY OF WOLLONGONG  
DEPARTMENT OF ACCOUNTING AND FINANCE  
ACCY323: Investments II

Subject Coordinator: Dr Barbara Cornelius, room 40.304, ‘phone 42214004  
Consultation Times: Monday and Friday 2:30-4:30 or by appointment  
Tutor: Marcus Reilly, Consultation times and location TBA

Lectures:  Tuesday, room 20.4, 10:30-11:30 and Friday, room 67.104, 1:30-2:30.

Text: Reilly FK and KC Brown, (2000), Investment Analysis and Portfolio Management,  

Subject Description: This subject is at an advanced level. Students are presumed to have  
successfully completed ACCY232 Investments I and to be knowledgeable in the material  
covered in that subject. Building upon that base, advanced issues in modern investment  
management, portfolio theory, capital and derivative markets are discussed from a global  
perspective.

Subject Aims: It is our intent to familiarise students with the issues and strategies needed  
to function in complex global markets. At the end of the course students should, at  
minimum, be familiar with investment terms and concepts as well as being able to  
understand and apply many of the techniques used in analysing and managing  
investments.

Subject Objectives: Upon completion of this subject, students should have sufficient  
theoretical understanding to:  
   identify and explain a selection of key issues referred to in the modern investment  
management literature;  
evaluate important contributions from investment literature to the field of modern  
investment management;  
assess the implications of issues discussed in the literature on the practice of  
modern investment management.

Students will also be able to select and apply the appropriate techniques to investment  
management in practice.

Assessment:  
tutorial preparation and participation  10%  
2 critiques of appropriate articles  10%  
1 1000 word essay  10%  
mid-term exam  10%  
final exam  60%
Subject Requirements: Any student failing to meet all the following compulsory requirements will fail regardless of performance in other assessable components of the subject.

a. Satisfactory preparation for and participation in tutorials
b. Satisfactory and timely preparation of critiques and essay
c. Satisfactory performance in the mid-term and final exams
(Note: satisfactory is normally interpreted as a mark of 40%)

Approach:
The assigned text, *Investment Analysis and Portfolio Management* by FK Reilly and KC Brown will be followed closely. Additional material has been provided to cover the areas of behavioural finance and financial engineering as well as an additional chapter on hedging using derivatives taken from JC Hull (1997). This additional material will be available from both the Commerce Resource and Student Information Centre and from the library. Students are advised to read assigned material prior to the lectures if they hope to reap the benefit of attending those lectures. Two 50 minute lectures will be offered each week. While the lecturer will attempt to cover all material that is examinable, students may be examined on all material in the course including readings and tutorials.

All students should be registered for one 50 minute tutorial each week, a tutorial. The tutorial mark is dependent upon attendance, preparation for and participation in the assigned tutorial only. Students may attend a different tutorial, with the tutor’s permission, for their own information but will not receive credit for that attendance.

Tutorial:
Every student is expected to prepare responses to assigned questions prior to the tutorial. The tutor may randomly collect this work for assessment purposes. Students should be prepared to discuss any questions they have regarding the assigned questions in the tutorial. Not all assigned questions will be discussed in any given tutorial, however, all assigned questions may be checked in the Commerce Resource and Student Information Centre the week following their discussion in tutorials. Students should come to tutorials prepared to attempt additional questions under the guidance of their tutor. Responses to these additional questions will only be available in the tutorial.

Article Critiques: Each student is to select and read and critique two current academic (1997-2000) articles relevant to two topics covered during the term. These may be selected from journals available in the library or those that can be accessed in full (with tables) from the library’s databases. No journalistic selections (e.g., clippings from the *Financial Review*) or textbook chapters will be accepted. Only one critique may be submitted in any one week and these must be submitted immediately prior to the discussion of the topic. Each of the article critiques must be on different topics. The timing and selection of such submissions are left to the student’s discretion and should be planned around other work required for other subjects. The article critique and summary

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1 note: Feedback will be provided to those students who submit their critiques in a timely fashion, i.e., not leaving the work until the last two or three weeks/topics in the session.
is to be handed in to the tutor along with a clean (unmarked) copy of the article. The critique will be returned within two weeks.

No critique should be longer than 5 typed pages (1250 words) using double spacing and a 12 point font. There is no minimum length for the critique. They may be as brief as the student likes commensurate with responding to the requirements below. There is no need to submit a duplicate copy of the critique, but students are advised to keep a duplicate. Pages must be numbered. There is no synopsis or abstract required in critique writing. If references are used in the body of the critique, they should be listed appropriately using the Harvard (Accounting Review) method. Please leave adequate margins and be as concise as possible.

In addition to these requirements, a critique should address the following issues:

- For whom was the article written? How do you know?
- What was the purpose of the article? What did the author wish to accomplish?
- What were the major issues raised in the article? How original is the author(s) approach (how have these issues been treated in related literature)?
- What is the central thesis or argument presented? Why is it important? Is it?
- What evidence/material/techniques are used by the author(s)? Does this contribute to or distract from the point(s) being made?
- What assumptions have been built into the article, explicitly stated or implicitly?
- Were the arguments firmly grounded in a theoretical framework/methodology?
- What were the best and worst aspects of this article? Be specific and provide examples.

It should be noted that while all questions should be addressed in the critique, this should be written as an essay, not as a series of answers to unspecified questions. Support your assertions with reference to the material in the article and, where possible, bring in your own knowledge, eg from the related literature. Note, too, that a critique is not a review.

**Essay Requirements:** The essay, which counts for a total of 8% of your assessment, is limited to 1000 words. The purpose of this limit is to force students to understand the topic and its ramifications well enough to be able to concisely explain the most important issues. Students who do not thoroughly understand the issues will have more difficulty adhering to the word limit. Any essays extending beyond 1000 words will be presumed to have ended at 1000 words and will be marked accordingly. (Thus, for example, the student may be penalized for no conclusion if that is written after the completion of 1000 words) Use the Harvard referencing method (as found in the Accounting Review). Essays should be typed in a 12 point font and double spaced with adequate margins. Page numbers should be provided. **Essays will be due Friday, 31 March at 16:00.** Any late submissions will be penalized one point (out of 8) per day or part thereof. Submissions more than one week late without adequate medical documentation will be rejected and the student deemed to have failed.
**Essay Topic:**
If one assumes risk neutrality rather than risk aversity, what are the implications for the management of an investment portfolio?

**Essay Assessment Criteria:**

The assessment of the essay will take into consideration the following factors:

**Presentation**
- Is the essay well presented, typed, double spaced in a 12 point font and includes page numbers?

**Abstract**
- Include the main arguments and the conclusions you reached.

**Structure**
- How well does the argument flow? Is it coherent and written as a whole or does it jump from one thought to another without connection between parts?

**Content**
- Is the material presented relevant to the problem? Are the arguments logical, the premises reasonable and assumptions clearly stated and rational?

**Research**
- Are all relevant issues contained in the academic literature discussed?

**Style**
- Has grammar, usage, language, sentence construction and length added to or detracted from the flow of the essay?

**Referencing**
- Were references used internally to support arguments? Were all references properly provided at the end of the essay?

All students should read and understand the cautionary statement on plagiarism in the Undergraduate Calendar. If you have problems with English, please make use of the University’s Learning Development Centre.

**Submissions:** Critiques and the essay are to be given directly to the tutor or lecturer. Students are advised to keep a second copy of submitted work. Fill out and sign a photocopy of the Cover Sheet at the end of this subject program. Keep your receipt as evidence of timely submission. Late submissions will be penalized 1 point per day or part thereof. Assignments presented for evaluation more than one week after the due date without medical documentation will be rejected and the student will be deemed to have failed the subject. Plagiarism will not be tolerated. For information on plagiarism refer to the acknowledgement practice available at [http://www.uow.edu.au](http://www.uow.edu.au) or to 75, 76 of the University of Wollongong Undergraduate Calendar for 1998. You must read these pages before signing the statement on plagiarism.
Plagiarism is the use of another person’s work, or idea, as if it is your own. The other person may be an author, critic, lecturer or another student. When it is desirable or necessary to use other people’s material, take care to include appropriate references and attribution - do not pretend the ideas are your own. Be sure not to plagiarise unintentionally. ...Plagiarism has led to expulsion from the University. (1998 Undergraduate Calendar, p.77)

Examinations: The mid-term exam will cover material that has been discussed in tutorials up to and including the week of the exam. Material from lectures up to the week before the exam may also be included in it. The examination will take place on Saturday 8th April. Students whose surname begins with A through to Lin will be in room 67.302 while those whose surnames are later in the alphabet will be in room 67.303. The mid-term will count toward 10% of the final mark. It will provide students with both feedback on their current level of progress and will familiarise them with the examination style of the lecturer. Results will be discussed in tutorials but examination scripts will be kept by the tutor. Students missing the mid-term examination will not be offered a supplementary. Instead, their final exam will be weighted an additional 10%. The final exam, covering material presented in both lectures and tutorials throughout the term, will be held at a date to be set by the University. It will count toward 60% of your final mark and must be completed at a satisfactory level. Some scaling of grades is anticipated.

Policy on Supplementary Examinations and Special Consideration: Pages 64-65 of the 1998 Undergraduate Calendar states that supplementary examinations or special consideration normally will be granted only for a substantial reason supported by relevant evidence submitted in accordance with University regulations. It is the student’s responsibility to be available when required and to provide an up to date contact address and telephone number to the Department.

Note: Students do not have an automatic right to a supplementary examination. This privilege will only be granted in exceptional circumstances. If a supplementary examination is granted then it could be in the form of an oral examination. If a student applies for special consideration in relation to an examination then the Department may, at its discretion, grant a supplementary examination and NOT mark the original paper.

Departmental Notice Board: Students should regularly refer to the Departmental Notice board for occasional announcements concerning this subject. During the study recess, tutorial marks and other continuous assessment marks will be determined and published on the notice board. Students must immediately advise the lecturer in charge of any errors in those marks. Notification must occur prior to the final examination.

Disability: “If a student with a disability requires reasonable accommodation in this subject, they are strongly advised to discuss the issues early in the session with one of the following people: the Disability Liaison Officer, Faculty Disability Adviser and/or the subject coordinator.” For the Faculty of Commerce, please see the sub-dean, Dr Robert Williams in room 40.337.
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*Tutorial questions and problems are subject to change. Changes will be announced in lectures and posted on the notice board.
ACCY323: Investments II
Cover Sheet for all Assignments

Assignment
Title:____________________________________________________________

Student’s
Name:______________________________________________________________

Student No.:_______________________ Telephone Number______________________

Tutorial :_______________________________________________________

DueDate:__________________________DateSubmitted:_________________________

Declaration: I certify that this is entirely my own work, except where I have given fully
documented references to the work of others. The material contained in this assignment
has not previously been submitted for assessment in any formal course of study. I have
read and understood pages 85 and 86 of the University of Wollongong General
Information Calendar for 1996.

Signature:__________________________________________

Assignment Receipt: (To be filled in by the student and retained by the tutor upon return
of the assignment)

ACCY323:

Assignment
Title:____________________________________________________________

Student’s Name & Number:_____________________________________________

Date
Submitted:_________________________________________________________

Signature
of Student:_______________________________________________________

Assignment Receipt: (To be filled in and retained by the student upon submission of
assignments)

ACCY323:

Assignment
Title:____________________________________________________________

Student’s Name and Number:__________________________________________

Date Submitted:_____________________________________________________