ACCY423/923 Investment Management (PG)  
Second Session 2002

(a) Subject Description

ACCY423/923 presents, in a critical light, the language, concepts and techniques of Investments and Portfolio Management. The current subject begins with and introduces students to the general nature of decisions facing the investor, explores the economic basis of investing and develops the analytical framework used to explain the pricing of investments within various market structures. The framework is also used to analyse the character of investment markets and to assist students in understanding the application of practical investment tools in a broad range of areas.

(b) General Learning Objectives

- the understanding and basic application of the Mean-Variance Portfolio Approach
- the understanding of the nature and relevance of the Efficient Markets Hypothesis
- a critical perspective on ‘Fundamental’ & Accounting-Indicator Valuation approaches
- a critical perspective on ‘Technical’ Analysis approaches
- a familiarity with the basic Bond, Derivative, Index, and FX instruments

(c) Lecture Times  Wed 13.30-15.30 in 40.123

(d) Prescribed text

Investment Management (2nd ed.) by Stephen Lofthouse. (Wiley-2001)

[Recommended: any ‘idiot’s guide’ to using Excel Spreadsheet].

(e) Course Philosophy

An understanding of the tradeoff between Risk and Expected Return will be paramount, accompanied by a critical look at the current state of theory and practice in Investment Management. The theoretical analyses presented in the subject are reinforced through "hands on" practice problems and computer assignments, and a critical perspective of popular theory and methodology will be reinforced through the readings.
(f) **Subject Requirements and Assessment**  
For the purposes of determining final grades for ACCY423/923, student performance will be evaluated on a composite mark, determined as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weightage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Projects (2)</td>
<td>20%</td>
</tr>
<tr>
<td>Mid-Session Exam</td>
<td>30%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
</tr>
</tbody>
</table>

NB. Marks may be scaled.  
NB. To be awarded a Pass or higher grade in this subject, students must achieve a satisfactory grade in the final exam.

(g) **Homework**  
Optional homework and practice questions will be suggested and/or distributed each week in Lecture for learning purposes only, and may be submitted for feedback anytime. No credit towards final assessment will be given, though a record will be kept which may be referred to in cases where there is a request for Special Consideration.

(h) **Computer Projects**  
During the session you will be provided in lectures with two computer projects. The projects will involve the application of techniques explained in lectures and the use of *Excel* (a spreadsheet package). You can use either the faculty computer laboratory or your own equipment. Each student must submit a project based on his or her own work. Copying will be penalised by failure in the subject (or in extreme cases, expulsion from the degree program). **N.B. Students may help each other with projects, but the names of any students involved must be listed on the cover page.**

Mandatory project presentation standards are as follows:
1. The computer projects are to be a combination of *concise* computer printout, accompanied by a brief discussion which is to be typed using a computer word processing package. Projects of excessive length will be discarded.
2. The pages must be numbered.
3. At the front of the essay there must be a title page showing your name, your ID#, your tutorial class, and the due date.
4. If spreadsheets are used, spreadsheet formulae used in computations must be included in an Appendix.

Submissions will be penalised for failure to meet any of these requirements, for unwarranted length, or lack of explanation. Late projects will not be accepted under any circumstances.

**Due dates:**  
- Project 1: In class Aug 21  
- Project 2: In class Oct 9
(i) **Exams**

In addition to lecture material, you should study from your notes and homework, supplementing this material with explanations and further example problems from the textbook as necessary. The problems which you will be asked to solve in exams will be similar to those discussed in classes and will require application of the same concepts and techniques. The objective is to test your understanding of class material rather than mere memory.

(j) **Access to Lecturer**

Administrative arrangements for ACCY 423/923 will be the responsibility of Associate Professor David Edelman.

Consultation hours: Specific office hours will be announced during the first week of classes. In addition to this, if students have a question relating to the subject material (i.e., not grades, nor other course administration), drop-ins at other times are accepted, subject to availability.

Room 40.320, Ph. (02) 4221-3624, email: David_Edelman@uow.edu.au

(k) **Supplementary Exam, Special Consideration, Plagiarism, Workload, etc.**

Students are asked to refer to the 2002 University of Wollongong Postgraduate Calendar on these topics. It should be mentioned that in particular, the guidelines on Supplementary Examinations and Special Consideration will be interpreted conservatively, and the penalties for Plagiarism or Copying will tend towards the draconian (Dr. Edelman has recommended expulsion on some cases in the past). The University Calendar states clearly “Plagiarism will not be tolerated”.

Students with disabilities or other issues affecting ability to attend, sit exams, take notes, etc. should contact the Disability Services office for assistance. Students should consult the University Calendar for policies on issues such as sexism and racism in language, assignment submission by email, Workload levels (generally 2 hours per credit point per week as a guide), etc.
ACCY923 Investments I
Subject Program
Spring 2002

Week  Topic  Readings

BACKGROUND
#1 Introduction  Ch 1
Some Statistical Concepts.  Appendix

PORTFOLIO MANAGEMENT
#2 Portfolio Theory  Ch 2
#3 Capital Asset Pricing Model  Ch 3

MARKET CHARACTER
#4 APT, Behavioural Fin., Efficient Mkts  Chs 4-6

SELECTING SHARES & SECTORS
#5 Sectors, Economic Fundamentals  Chs. 7,8
#6 Accounting Fundamentals; Review weeks 1-5
#7 MIDTERM EXAM (1.5hrs)  Sept. 4 13.30-15.00
#8 Dividend-Discount, Price-Earnings Models and Earnings-based Share Selection  Chs. 9-11
#9 Value vs. Growth: Theory and Evidence Miscellany, Technical Analysis  Chs. 12-15 plus handout

RECESS (2 Wks)
#10 Sector Strategy, Constructing a P’folio Bonds: Theory and Practice  Chs 16-19

OTHER INSTRUMENTS
#11 International Investing, FX, Derivatives  Chs 20,21
#12 Overview, Investment Management in Practice
#13 Final Exam (In Class – 1hr 50min Oct 30)