



## **FIN306 Applied Portfolio Management**



# Subject outline

## FIN306 Applied Portfolio Management

### Section 1 — General information

#### 1.1 Administrative details

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Duration	Credit points	Level
One study period (12 weeks)	6	AQF9

#### 1.2 Core or elective subject

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This is an elective subject for the Graduate Certificate in Applied Finance, Graduate Diploma of Applied Finance and Master of Applied Finance.

#### 1.3 Delivery mode

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This subject is delivered online.

#### 1.4 Prerequisites

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There are no prerequisites for this subject. However please review the 'Assumed knowledge' section below to understand the prior knowledge Kaplan advises you should hold before enrolling in this subject.

#### 1.5 Assumed knowledge

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Whilst there are no prerequisites for this subject, Kaplan assumes that students have completed FIN251 Fixed Income Securities or understand the content covered in this subject, prior to undertaking FIN306 Applied Portfolio Management.

#### 1.6 Course transition subject equivalence

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Students may not be required to complete this subject if they have transitioned from a SIA/Finsia/Kaplan course and have completed the following subjects:

- there are no equivalences for this subject.



### **1.7 Work integrated learning**

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There are no placements, internships or work experience requirements associated with undertaking this subject.

### **1.8 Other resource requirements**

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Students do not require access to specialist facilities and/or equipment to undertake this subject.



## Section 2 — Academic details

### 2.1 Subject overview

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This subject focuses on the application of advanced investment principles to the field of investment advice and management. The subject examines in detail the investment decision making process and investigates the management of more complex portfolios at both the individual and institutional level. The subject also evaluates current portfolio management practices and discusses the common issues encountered when formulating investment policies and making portfolio decisions. As part of the subject assessment, students are grouped into mock investment committees and tasked with simulated and real-world investment research and decision-making assignments. This provides an important, practical element to students' learning experience.

### 2.2 Subject learning outcomes

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On successful completion of this subject, students should be able to:

1. Develop asset class return forecasts in order to assess their value in portfolio management.
2. Critically evaluate the different asset allocation approaches and techniques.
3. Critically analyse the role that behavioural finance plays in the investment management process.
4. Construct an investment policy statement by assessing the objectives and constraints of individual investors.
5. Evaluate the investment objectives of the different types of institutional investors and their respective decision-making processes.
6. Critically analyse the issues that fund managers face in managing portfolios.

## 2.3 Topic learning outcomes

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### Topic 1: Capital market expectations

On successful completion of this topic, students should be able to:

- explain the importance of capital market expectations to the portfolio management process
- utilise a range of tools and models to forecast expected outcomes for capital markets
- analyse and forecast key economic factors
- determine whether equity markets are trading at fair value.

### Topic 2: Asset allocation in practice

On successful completion of this topic, students should be able to:

- critically analyse various asset allocation techniques, elements and issues
- distinguish between the different asset allocation approaches
- analyse various economic and client information to determine appropriate asset allocations.

### Topic 3: Behavioural finance and portfolio management

On successful completion of this topic, students should be able to:

- critically assess traditional portfolio theory
- provide an overview of the underlying principles relating to behavioural finance
- explain the common cognitive errors and emotional biases of investment clients
- apply behavioural finance techniques to the portfolio management process.

### Topic 4: Portfolio management issues for individual investors

On successful completion of this topic, students should be able to:

- construct an investment policy statement for an individual investor
- assess appropriate strategies relating to concentrated single-asset portfolios
- critically analyse asset allocation issues regarding human capital and life insurances.

### Topic 5: Portfolio management issues in a global context

On successful completion of this topic, students should be able to:

- explain the various types of tax regimes and their impact on global investors
- determine appropriate tax strategies for individuals with cross-border holdings
- analyse the various estate planning issues faced by individual investors around the world.

### Topic 6: Portfolio management issues for institutional investors

On successful completion of this topic, students should be able to:

- describe the investment objectives and constraints of the different types of institutional investors
- analyse the frameworks required in order to construct portfolios for institutional investors
- incorporate liability management into the asset allocation process.

## Topic 7: Portfolio management execution

On successful completion of this topic, students should be able to:

- discuss important procedures followed in the portfolio execution process
- assess best practice in regard to portfolio implementation and measure the direct and indirect costs of portfolio transactions
- determine appropriate monitoring and rebalancing levels.

## Topic 8: Applied techniques in performance measurement

On successful completion of this topic, students should be able to:

- critically analyse various asset allocation techniques, elements and issues
- distinguish between the different asset allocation approaches
- analyse various economic and client information to determine appropriate asset allocations.

## 2.4 Assessment schedule

Assessment	Description	Week	Topics	Weighting	Subject learning outcomes assessed
Task 1	Research brief submission Investment committee meeting discussion	Week 4 Week 6	1–3	25%	LO1–LO3
Task 2	Research brief submission Investment committee meeting discussion	Week 8 Week 10	1–6	35%	LO1–LO5
Exam	Multiple-choice & short answer questions	Week 12	1–8	40%	LO1–LO6

Please refer to our website <[www.kaplanprofessional.edu.au](http://www.kaplanprofessional.edu.au)> to review student policies relating to your assessment, including the *Kaplan Assessment Policy* and *Academic Integrity and Conduct Policy*.

## 2.5 Prescribed text

There is no prescribed text for this subject. Students are provided with key readings and access to Kaplan's online databases. Students are encouraged to research and read widely on the topic.

## 2.6 Study plan

Week(s)	Topic name	Study load in hours
1	Topic 1: Capital market expectations	9
2	Topic 2: Asset allocation in practice	9
3	Topic 3: Behavioural finance and portfolio management	10
4	<b>Task 1 Research brief submission (Weighting 25%)</b>	9
5	Topic 4: Portfolio management issues for individual investors	9
6	Topic 5: Portfolio management issues in a global context <b>Task 1 Investment committee meeting discussion</b>	10
7	Topic 6: Portfolio management issues for institutional investors	12
8	<b>Task 2 Research brief submission (Weighting 35%)</b>	7
9	Topic 7: Portfolio management execution	10
10	Topic 8: Applied techniques in performance measurement <b>Task 2 Investment committee meeting discussion</b>	11
11–12	<b>Exam (Weighting 40%)</b>	24
<b>Total minimum study load</b>		<b>120 hours</b>

Additional study hours (if required), dependent on knowledge and personal commitments	70 hours
<b>Total study load, including additional study hours</b>	<b>190 hours</b>