**Three Assignments**

The first part of the assessment will be the completion of three tasks. Each task will count equally towards 60% of the total for the module.

1. How does an investment in a hedge fund compare to the buy-and-hold approach. This will be covered in the sessions on 7th and 21st November 2014. The hand-in date is the 5th December 2014. This will test your ability to source, manipulate and present data that will help you answer the question; it will assess the application of tools that evaluate investment performance. There is a marking scheme below.
2. Assess the expected evolution of official interest rates for the country of your choice. If interest rates differ from this trajectory, what is the most likely course and how could an investor profit from this disappointment of expectations. This will be covered in the 9th and 16th January 2015. The hand-in date is the 30th January 2015. This will test your ability to uncover financial market expectations and will allow you to demonstrate that you can apply asset price theory and the economic analysis of monetary policy in a dynamic context. There is a marking scheme below.
3. Complete **ONE** of the following

* Create, test and analyse the performance of a technical trading rule.
* Carry out an event study to analyse the response of an investment to that event

These topics will be covered in the weeks 27th February 2015 and the 6th March 2015. The hand-in date is 20th March 2015. This will test your ability to run an experiment to assess the efficiency with which financial market information is processed. There is a marking scheme below.

The reports should each be around 1,000 words in length (with about 20% leeway either way) and should include **original** graphs and diagrams to support your argument. There are no appendices but you can send me excel or other files that show the research that you have done to support your argument. Additional marks will be given for the quality of the presentation. Please take a look at the **Professional Reports** on student central to get an idea of the quality and style that you are aiming for.

**Marking Scheme Test 1**

| **Requirement** | **Weight** | **Note** |
| --- | --- | --- |
| Source data | 10% | Download original data |
| Manipulate data | 20% | Calculate means, standard deviations, correlations and others. |
| Present data | 20% | Use the appropriate graphs |
| Portfolio theory | 20% | Use of asset pricing theory. Sharpe ratio (strength and weakness). |
| Create a convincing argument | 20% | Argument is supported by evidence |
| Presentation | 10% | Charts labelled, coherent and consistent |

**Marking Scheme Test 2**

| **Requirement** | **Weight** | **Note** |
| --- | --- | --- |
| Source data | 20% | Use Thomson-Reuters and other sources |
| Manipulate data | 10% | Use market data to uncover interest rate expectations |
| Apply economic theory | 20% | Apply monetary theory |
| Apply asset pricing theory | 20% | How do interest rates affect financial securities? |
| Make the case for your investment | 20% | Qualithy of evidence and structure of argument |
| Presentation | 10% | Charts labelled, coherent and consistent |

**Marking Scheme Test 3**

| **Requirement** | **Weight** | **Note** |
| --- | --- | --- |
| Source data | 20% | Get data from an appropriate source |
| Manage data | 20% | Work with data to complete the experiment |
| Apply economic/financial theory | 20% | EMH and behavioural theories of information |
| Apply asset pricing theory | 10% | How would assets respond to information in theory? |
| Make the case for your investment | 20% | Management and presentation of the experiment |
| Presentation | 10% | Charts labelled, coherent and consistent |