

FNCE90056

Investment Management

SUBJECT GUIDE

Semester 2, 2025

Prepared by

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Department of Finance

Faculty of Business and Economics



Subject Outline

Introduction

Welcome to FNCE90056 Investment Management in 2025 Semester 2, a core subject in the Master of Management (Finance) and the Master of Management (Accounting and Finance) programs and an elective subject for other programs in the Master of Management suite. Along with Corporate Financial Policy, this subject is the foundation of our postgraduate finance curriculum, and it provides an entry point to advanced finance subjects offered in programs within the Master of Management suite. It encompasses the fundamental ideas of valuation, risk management, and arbitrage of investment assets.

Subject Overview and Aims

The overall aim of this subject is to equip students with the tools necessary to enable them to make the core investment management decisions that managers face on a daily basis, as well as the knowledge of where they can find the information necessary to apply those tools. This subject is an introduction to investment analysis, with an emphasis on equity and fixed income securities. The topics covered focus on the fundamental issues facing financial managers, money managers, risk managers, financial advisors, and regulators. These topics include modern portfolio theory and its applications, equilibrium theories of asset pricing, portfolio performance evaluation, and key issues in the pricing and portfolio allocation of fixed income assets.

Learning Outcomes

Learning Outcomes and Generic Skills

To view the subject objectives and the generic skills you will develop through successful completion of this subject, please see the University Handbook:

<https://handbook.unimelb.edu.au/2025/subjects/fnce90056>

Eligibility and Requirements

To view the eligibility and requirements, including prerequisites, corequisites, recommended background knowledge and core participation requirements for this subject, please see the University Handbook:

<https://handbook.unimelb.edu.au/2025/subjects/fnce90056/eligibility-and-requirements>

Academic Staff Contact Details

Please see the subject LMS site for full contact details of the teaching staff in this subject.

Subject Coordinator Contact Details

Coordinator and lecturer for W6-8 and 10-12

Name: Associate Professor Andrea Lu

Email: andrea.lu@unimelb.edu.au

Phone: 03 8344 3326

Consultation Hours: Friday 9:30-10:30 via zoom (Week 6-8 and 10-12), or by appointment

Dr. Andrea Lu is an Associate Professor in the Department of Finance at the University of Melbourne and she is also the Associate Dean (International) for the Faculty of Business of Economics. A/Prof Lu holds a Ph.D. and M.S. in Finance from Northwestern University's Kellogg School of Management (USA), as well as an M.A. and B.Com. (1st class Honours) in Economics from Victoria University of Wellington (NZ). Her research focuses on empirical asset pricing particularly in understanding the pricing of stocks and managed fund products. Her work has been published in leading finance journals and won several prestigious academic awards.

Lecturer for W1-5 and 9

Name: Dr Jun Yu

Email: jun.yu1@unimelb.edu.au

Phone: 03 8344 9881

Consultation Hours: Thursday 16:30-17:30 via Zoom (Week 2-6), or by appointment

Dr Jun Yu is a senior lecturer in the Department of Finance at the University of Melbourne. Dr Yu holds a Ph.D. and M.S. in Economics from Hong Kong University of Science and Technology, as well as a bachelor's degree in electrical engineering from Wuhan University (China). His research focus on asset pricing and macro finance. His work has been published in leading finance journals, including the Review of Financial Studies, and the Review of Finance.

Consultation format: Consultations will take place via Zoom. The link can be found on the course's Canvas site under "Zoom". You can ask any questions from the lecture slides or problem sets during the consultation hours.

Email Protocol

Please note that we are only able to respond to student emails coming from a University email address. Please do not use personal email addresses. Emails from non-University email addresses may be filtered by the University's spam filter, which means that we may not receive your email. All correspondence relating to this subject will only be sent to your University email address.

While academic staff endeavour to address queries received via email, it is more appropriate to resolve substantive questions during lectures and tutorials and/or through any online discussion forum set up for the course, or during normal consultation hours. With this in

mind, we encourage students to attend all lectures and tutorials and to familiarise themselves with any consultation hours offered by lecturers and tutors in this subject.

Diversity and Inclusion Statement

The University of Melbourne is committed to building a robust culture of diversity and inclusion among staff, students, and the wider community. The subject coordinator and all teaching staff in this subject are dedicated to creating a safe and connected community, so that all students feel welcome, valued, and respected.

Lectures

Lecture Times

Stream 1: Wednesday 18:00-21:00 (on campus: PAR-105-G-G06 FBE Building Prest Theatre) (on campus: PAR-110-L5-5007 The Spot Building 5007)

Stream 2: Thursday 13:00-16:00 (on campus: PAR-263-L2-230 Kwong Lee Dow Building Level 2Q230 Theatre)

Lecture Participation Requirements

Students are expected to attend lectures in person, as the subject is designed for face-to-face delivery. In-person participation is essential to gain the full learning experience. Lecture recordings are provided as a backup and for revision only and do not replace attendance.

Lecture Schedule

| Week | Date Commencing | Lecture | Topic | Required Reading |
|------|-----------------|---------|---|-------------------------------------|
| 1 | 30/31 July | 1 | Risk aversion and investment strategies | 5.1-5.8, 6.1-6.5 |
| 2 | 6/7 Aug | 2 | Modern Portfolio Theory | 7.1-7.2, 7.4-7.5 |
| 3 | 13/14 Aug | 3 | Capital Asset Pricing Model (CAPM) | 9.1-9.2, 6.6, 8.1-8.3 |
| 4 | 20/21 Aug | 4 | Empirical evidence on CAPM | 9.1-9.4, 13.1, 11.1-11.2, 11.4, 5.7 |
| 5 | 27/28 Aug | 5 | Arbitrage Pricing Theory and multifactor models | 10.1-10.5, 13.2-13.3 |

| | | | | |
|----|-----------|----|---------------------------------------|--------------------------|
| 6 | 3/4 Sep | 6 | Fixed income valuation | 2.1-2.2, 14.1-14.5, 17.4 |
| 7 | 10/11 Sep | 7 | Coupon bonds | 14.2-14.4 |
| 8 | 17/18 Sep | 8 | Term structure models | 15.1-15.5, 17.4 |
| 9 | 24/25 Sep | | Mid-semester exam | |
| | | | Mid-semester non-teaching week | |
| 10 | 8/9 Oct | 9 | Interest risk | 16.1-16.3 |
| 11 | 15/16 Oct | 10 | Portfolio performance evaluation | 24.1-24.5, 4.1-4.4 |
| 12 | 22/23 Oct | 11 | Review and Exam Information | |

Lecture Materials

- **Lecture slides**

Lecture slides will be placed on the LMS Module prior to each Wednesday lecture.

- **Weekly online quiz**

Every Thursday at 16:00, we will post a weekly online quiz on the LMS for your study. The submission due date is the following Tuesday at 8am Melbourne time. We will assign voluntary study groups and highly recommend students solve the quizzes with study group members. However, you need to submit them individually on the LMS. It is a great way of learning and preparing for the mid-semester and final exams. The online quizzes will also give us a sense of which problems students struggle the most with.

Completing each quiz on time with a 50% or above score will give you 1% towards the overall grade for this subject. There will be a total of 10 online quizzes. Make sure you submit them individually and on time! You may attempt each quiz as many times as you like before the deadline. However, no marks will be awarded for any submissions (including re-attempts) made after the due date, so be sure to submit on time!

- **TA tutorial videos**

The TA for this subject have recorded videos to go over some of the online quiz questions. They serve as answer keys to the online quizzes / problem sets. They will be uploaded on the LMS on the following Tuesday at 9am.

- **Discussion board – Ed Discussion**

If you have questions remaining from the lecture slides or online quizzes, you can use Ed Discussion on the Canvas to ask them.

I highly encourage students to answer other fellow students' questions. This is a very rewarding experience and a great way to learn/confirm what you know. The lecturers and TA will also answer questions there.

Recorded Lectures

Audio and video recordings of lectures delivered in this subject will be made available for review. These recordings allow you to revise lectures during the semester, or to review them in preparation for the end of semester exam.

Recordings are not a substitute for attendance; rather they are designed for revision. On rare occasions, the recordings can fail to take place due to technical reasons. In such cases, no substitute recording will be made available.

Timetable

MyTimetable is a class timetabling system that assists students in the creation of their individual timetable. This is done using a combination of student preference submissions and the provision of alternative options available where preferences cannot be fulfilled.

You will use this system to create your class timetable prior to each study period and you will have the opportunity to 'self-register' into suitable classes with availability or seek assistance via a Timetable Assistance request form. Further information is available at: <https://students.unimelb.edu.au/admin/class-timetable>.

Private Tutoring Services

The Faculty has become increasingly concerned about the existence of a number of private tutoring services operating in Melbourne that heavily target University of Melbourne students enrolled in FBE subjects.

Students are urged to show caution and exercise their judgement if they are considering using any of these services, and to please take note of the following:

Any claim by any of these businesses that they have a "special" or "collaborative" or "partnership" style relationship with the University or Faculty is false and misleading.

Any claim by a private tutoring service that they are in possession of, or can supply you with, forthcoming University exam or assignment questions or "insider" or "exclusive" information is also false and misleading.

The University has no relationship whatsoever with any of these services and takes these claims very seriously as they threaten to damage the University's reputation and undermine its independence.

It is also not appropriate for students to provide course materials (including University curricula, reading materials, exam and assignment questions and answers) to operators of these businesses for the purposes of allowing them to conduct commercial tutoring

activities. Doing so may amount to misconduct and will be taken seriously. Those materials contain intellectual property owned or controlled by the University.

We encourage you to bring to the attention of Faculty staff any behaviour or activity that is not aligned with University expectations or policy as outlined above.

Assessment

Assessment Overview

Your assessment for this subject comprises the following:

| Assessment Task | Individual or Group | Due | Weighting |
|-------------------------------|---|---|-----------|
| 10 x weekly online quizzes | Individual submission (but can work in group) | Tuesday at 8am (Week 2-12, excl. 10) | 1% each |
| Mid-semester test (1.5 hours) | Individual | 24/25 September | 35% |
| Final exam (2 hours) | Individual | Assessment period | 55% |

The **mid-semester test** will cover the material in lectures 1-5 and quizzes 1-5. You are not responsible for any material in the textbook which we do not cover. All questions will be multiple-choice. The exam will take place in person in Week 9 during the scheduled lecture time. The Wednesday stream will start its test at 6:15pm on the 24th of September. The Thursday stream will start at 1:15pm on 25th of September. Venue locations will be announced later. Please arrive early at the scheduled class start time, and attend the stream for which you are officially registered. The exam will be closed-book with no cheat sheet. Please bring a Casio FX82 (any suffix) calculator, and pens, pencils (black, preferably 2B), erasers, and rulers.

The **final exam** will cover **all** material treated in the lectures and the required readings. Details TBC.

Subject Resources

Prescribed Textbook

Bodie, Zvi, Alex Kane, and Alan J. Marcus. 2024. *Investments (13th edition)*.

Academic Integrity

Academic Honesty

The University maintains high academic standards in its courses and subjects and expects students to conduct themselves in a manner which is fair, honest, and consistent with the

principles of academic integrity, particularly when undertaking assessment and research. More information and resources can be found on the University's Academic Integrity website <https://academicintegrity.unimelb.edu.au/>

Artificial Intelligence Software in the Preparation of Material for Assessment

The process of preparing material for assessment is an important part of students' learning experience. It allows students to demonstrate their understanding of concepts and apply what they have learnt in different domains and settings. Assessment supports students in their development of analytical skills, evaluative judgement, communication skills, and presentation skills. These are essential capabilities for graduates.

The University of Melbourne's [Student Academic Integrity Policy \(MPF1310\)](#) makes clear that all work submitted by an individual student must be their own. In the case of group work, the individual contribution of each student must be their own work.

If a student uses artificial intelligence software such as ChatGPT or QuillBot to generate material for assessment that they represent as their own ideas, research and/or analysis, they are NOT submitting their own work. Knowingly having a third party, including artificial intelligence technologies, write or produce any work (paid or unpaid) that a student submits as their own work for assessment is deliberate cheating and is academic misconduct.

If a student uses AI generated material in the preparation of their assessment submission, this must be appropriately acknowledged and cited in accordance with the [Assessment and Results Policy \(MPF1326\)](#). To acknowledge use of AI tools and technologies in your assessments, refer to this guide: <https://students.unimelb.edu.au/academic-skills/resources/academic-integrity/acknowledging-AI-tools-and-technologies>.

Any student who commits academic misconduct is subject to the penalties outlined in the [Schedule 1: Academic Misconduct](#)

Plagiarism and Collusion

Plagiarism (failure to cite your sources correctly and completely) and collusion (unauthorised collaboration with another person to prepare an assessment task) are considered academic misconduct and attract severe penalties. More information is available on the University's Plagiarism, collusion and other examples of misconduct website: <https://academicintegrity.unimelb.edu.au/plagiarism-and-collusion>

Referencing

Each source used for a written piece of assessment must be referenced. This is to acknowledge that your material is not based entirely on your own ideas, but is based, in part, on the ideas, information, and evidence of others.

You will be required to use the APA system or Harvard system of referencing. The library has prepared a website to assist students: <http://www.library.unimelb.edu.au/recite>

It is important that all material you present for assessment is referenced correctly. Material that has not been referenced correctly may be considered to be plagiarised, and as such

may be penalised. We will also look for evidence that material included in the bibliography of your assessment has been used.

Further referencing resources can be found on the Academics Skills website:
<https://students.unimelb.edu.au/academic-skills/resources/referencing>

University Services

Stop 1: Connecting students and services

Stop 1 provides you with a range of support services throughout your university degree, from help with enrolment, administration, and wellbeing to advice on building your skills and experiences.

<https://students.unimelb.edu.au/student-support/advice-and-help/stop-1>

Service Finder

The University of Melbourne offers one of the most comprehensive student support networks in Australia. Use this site to locate a wide range of services.

<https://services.unimelb.edu.au/finder>

Academic Skills

Academic Skills offers a range of workshops and resources to help you with study skills including researching, writing and referencing, presentation skills and preparing for exams. Visit their website via <https://students.unimelb.edu.au/academic-skills>

Student Counselling

Students attend counselling to talk about personal, emotional, or mental health issues which might be affecting their study and life. The University's Counselling and Psychological Services (CAPS) provides free, confidential, short-term professional counselling to currently enrolled students and staff. <https://services.unimelb.edu.au/counsel/home>

Student Equity and Disability Support

Student Equity and Disability Support provides services for students who need ongoing support with their studies. They understand that adjustments to learning and assessment are sometimes required to allow all students to reach their full potential. Learn more about the services provided, how to find support and how to register for assistance.

<https://students.unimelb.edu.au/student-support/student-equity-and-disability-support>

UoM Library Services

As well as holding an extensive collection of books, ebooks, digital media and periodicals, library staff provide research guidance and support for students

<http://library.unimelb.edu.au/>

These Business and Economics Library Guides have been designed specifically for Faculty of Business and Economics staff and students. http://unimelb.libguides.com/sb.php?subject_id=80310

The library staff have created the following online module to help you learn about their services and to offer advice on conducting research and referencing within your assignments. You can access the module here: [Getting Started: 5 tips from your Business and Economics Librarians](#)

Policy

Alternative Exam Arrangements (AEA)

Alternative Exam Arrangements (AEAs) are study adjustments granted to students who require changes to the scheduled conditions or format of an exam. For an overview of AEAs, visit: <https://students.unimelb.edu.au/your-course/manage-your-course/exams-assessments-and-results/exams/alternative-exam-arrangements>

Assessment and Results Policy

The University's assessment policy provides a framework for the design, delivery, and implementation of assessment of students in award and non-award courses and subjects. Assessment is designed to contribute to high quality learning by students, and to allow for quality assurance and the maintenance of high academic standards. *The University of Melbourne Assessment and Results Policy* can be found here:

<https://policy.unimelb.edu.au/MPF1326/>

Academic Progress Reports

It is the student's responsibility to maintain a satisfactory academic standard in order to continue their studies. An overview of what happens if a student does not meet academic progress requirements can be found on the Academic Progress website:
<https://students.unimelb.edu.au/your-course/manage-your-course/exams-assessments-and-results/academic-progress>

Exam Policy

The University requires that you are available for the entire examination period. Please see the University's Principal Dates via <https://www.unimelb.edu.au/dates> for the full annual calendar. Supplementary exams will not be provided in cases of absence during the examination period unless the absence is due to serious illness or other serious circumstances and a Special Consideration application is submitted and approved.

Information on Calculators in Examinations

Effective from 1 January 2017, the approved calculator for all subjects is the Casio FX82 (any suffix). No equivalent models of calculators will be permitted in exams. You are

required to purchase your own calculator and are responsible for ensuring your calculator is in good working order with fresh batteries.

Key Dates

Students should be aware of the University's key dates. This year's key dates can be found here: <https://students.unimelb.edu.au/your-course/manage-your-course/key-dates>

Special Consideration

As a student, you may experience extraordinary or unusual circumstances, or ongoing circumstances that adversely affect your academic performance. The University has policies in place to support students who are experiencing academic disadvantage. For more information, visit <https://students.unimelb.edu.au/your-course/manage-your-course/exams-assessments-and-results/special-consideration>

Subject Withdrawal

It is important that students understand the consequences of withdrawing from a subject, the importance of subject key dates and the support available to help manage their studies.

More information about withdrawing from a subject can be found here:

<https://students.unimelb.edu.au/your-course/manage-your-course/subject-enrolment/subject-withdrawal>