

FINM2416 Asset Pricing: Team Project

Deliverables and Due dates:

- Written Report: 5th Oct 2022, 14:00 (GMT+10);
- Self-Reflective Essay: 7th Oct 2022, 14:00 (GMT+10);
- Peer Assessment Review (PAF) is available between 5th Oct 14:00 and 7th Oct 14:00, 2022

Part 1: Written Report (Teamwork, 100 marks, 25% towards to final grade)

Overview: For the team project, you are required to provide investment (portfolio) recommendations to a client in the form of a report. The report should have a *maximum of ten pages* (excluding cover sheet, spreadsheets, reference list and appendix). You have the freedom to create the report in any style that you like. However, the presentation of the report should be professional.

- The **Report** should contain *all* the main discussions and key analysis figures.
- The **Excel** Spreadsheet should contain all the calculations (with cell references) to be used as a *supportive* document for your analysis. You should present your main finding and key figures in your report.
- Appendix is *optional* and the appendix will not be marked directly. Therefore, you should put all your discussions and analysis in the main body of your report.

Assignment Project Exam Help

Start of the Question
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You are a fund manager in the GetRichNow advisory firm. You have a client who approached you and asked for a recommendation on investment. The client expects to open an investment account of 1 million dollars with you for an investment period of 10 years. After asking a few questions, you understand that your client is risk-averse, and they would like you to provide them with three investment options, and they will pick one option to invest in.

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Tasks: In this team project, you are asked to produce a report for your client with three *portfolio* investment options that meet the client's need. The three options should represent a diversity of choices with different characteristics. In other words, you should provide three options that satisfy your client's needs in different ways. The details of each portfolio should be informative enough for your client to make a decision without doing extra research.

It is expected that your report addresses the following aspects:

1. (15 marks) **Macro-economic Analysis:** The portfolios should be relevant to the current market condition (*Hint: research the current market environment*)
2. (30 marks) **Asset selection and allocation:** What is the constitution of your portfolio? That is, what assets are included in your portfolio? Why do you choose these assets? How much money would you allocate to each of these assets? Provide reasonings.

Some requirements for your portfolio constructions:

- At least 1 of your portfolio needs to be constructed based on the sector rotation theory discussed in lecture 5.
- For the other portfolios, you are free to use any of the following skills discussed in the course: Technical Analysis, Industry Life Cycle Analysis, Fundamental Analysis or Modern Portfolio Theory.

3. (10 marks) **Portfolios performance forecast:** What is your estimated portfolio performance in the next 10 years? You must calculate the portfolio's return from the assets you picked to construct the portfolio. Make sure you only include the key figures in the report but leave the detailed calculation in the excel spreadsheets¹.
4. (10 marks) **Portfolios risk analysis:** Your client would also be interested to know the associated risks for investing in these portfolios. Discuss the risk aspects of the portfolio. Your discussion should underpin the systematic and unsystematic risks faced by the portfolio.
5. (15 marks) **Relative performance:** As part of showcasing your portfolio, you should have a **benchmark(s)** to discuss the performance of the portfolio on a relative basis. Justify the choice of your benchmark(s) and compare the portfolio's performance to the benchmark(s). Your comparison requires numerical analysis as support of your argument. (*Hint: Discuss how your portfolio would outperform the benchmark(s). Alternatively, if the portfolio under-performs the benchmark, then why is your portfolio so special that your client would still consider taking it as an option?*)
6. (10 marks) **Ongoing portfolio management:** 10 years represents a long-term investment, and you might not expect your portfolios to stay exactly the same without any changes. How you would help your client to manage their portfolio is something worthwhile to address in your report. (*Hint: would you actively or passively manage the portfolio, what is the benefit and cost associated with each option?*)
7. (5 marks) **Excel spreadsheet** contains all necessary calculations, and it is easy to navigate.
8. (5 marks) **Formats and professionalism:** Coversheet is attached to the submission. Document formatting and presentation are neat and professional. References (if any) are properly included.

To start with your report:

- As a team, discuss what are the characteristics of the three portfolios that you wish to construct.
- It might be easier if you only focus on one stock exchange market. E.g. NASDAQ; New York Stock Exchange (NYSE); Australian Stock Exchange (ASX) so you do not need to worry about currency exchange and different financial years and the country's policies.
- To find historical price information on stocks, you can go to [Capital IQ](#) to download the stock price history (Use the Capital IQ - *Charting*). For stocks, use the *Dividend Adjusted Share Pricing*².
- In the case you need to find the risk-free rate, you should use the bank bill or the government bond yield.

Dos and DoNOTs

- DO think about the structure of the report before starting, your discussion does not need to be linear. Do NOT "answer" questions in order, there should be no Q1, Q2... as the subtitles in your report.
- DO think carefully about the connection between each question, pay attention to the flow.
- Do NOT stop at answering the question, dig deeper, justify your recommendation and persuade your client!

¹Please make sure you point the reader to the right section of your excel spreadsheet.

²Capital IQ is discussed in lecture 5

Submission instructions:

When you save your document, name them as *TeamTeamnumber.pdf*. For example, if you are in team 13, then save your assignment as *Team13.pdf*. Only ONE member of the group should submit the team project. Attach the coversheet with your submission.

- Use “Team Blackboard Submission Link” to submit BOTH Report (in PDF) and Excel Spreadsheet.
- Use “Team Turnitin Submission Link” to submit ONLY Report.

You can submit the document for an unlimited number of times. However, only the last version will be marked.

Marking Criteria:

1. The report will be marked based on the **complexity** of your analysis and discussion.
 - To meet expectations (Grade 4 and 5), you need to demonstrate your ability to apply the theories and techniques in the lecture/tutorial to your portfolio analysis. This examines your ability to apply the course content to new situations. You would also need to demonstrate your ability to be able to examine information, make inferences and find evidence (research) to support your findings.
 - To exceed expectations (Grade 6 and 7), you need to demonstrate your ability to conduct an in-depth analysis to enrich your report. This examines your ability to draw connections between ideas, utilise critical thinking, and break down knowledge into the sum of its parts. You need to demonstrate that you fully understand the material on the whole, and its component parts.
 - The excel spreadsheet will be checked for calculation accuracy, and all the calculations should have cell references to avoid loss of marks.
 - The project requires you to make your judgment on the choice of the variables, justify your choice of the evaluation. We welcome any new thought and creativity you might bring to your portfolio analysis.
 - If you are using anything that is not being taught/provided in the class. You need to include references and justify. I would not expect that you need to learn any new terms to master this project.
2. The report should be structured in a cogent and compelling sequence of ideas organised in paragraphs. You should demonstrate a highly developed understanding of the requirements of formal argumentative writing.
3. The expression is eloquent, with no lapses in grammar, spelling or sentence.

Have Questions?

- Supported resources will be updated under the “Assessment - Team Project” folder.
- Post your question on the Discussion board if you cannot find the answers from the above sources. This is the best way to keep the conversation efficient and transparent for others to see as well.

Part 2: Self-Reflective Essay (Individual, 5% towards to final grade)

Self-reflection is the best way to develop your understanding of your own practice for future improvement. The SEAL reflection method is a structure that guides you to think about your journey in four aspects: Situation, Effect, Action and Learning.

Your reflection needs to be critical. You need to move beyond merely describing your learning experience but to highlight, explain and analyse the changes in your understandings and approaches resulting from the experience.

You may wish to discuss various aspects that reside with your experience in the report.

- What you have learned about applying textbook knowledge to real-world situations. What are the challenges of dealing with real-world analysis?
- The implications of what you have learned for your future professional practice - how would you develop your professional capabilities, and how would **you** work on the areas you need further development?

Use the attached template: “[FINM2416 SEAL Reflection](#)” to complete your self-reflection. This document will be submitted to blackboard as PART B Individually.

Submission instructions: Assignment Project Exam Help

When you save your document, name them as *Teamnumber_Surname_Firstname.doc*. For example, if you are in team 13 and your name is “John Smith”, then save your assignment as *13_Smith_John.doc*. Use “[Reflective Essay Turnitin Submission Link](#)” to submit a WORD document.

You can submit the document for an unlimited number of times. However, only the last version will be marked.

Marking Criteria on SEAL Reflection:

	Basic	Developing	Expert
Situation	The situation has been described with either: little information provided; or irrelevant/superficial information provided.	The key events / relevant information regarding the situation have been explained.	The key events / relevant information regarding the situation have been explained clearly and concisely.
Effect	Little acknowledgement that the situation impacted the student.	The student has acknowledged the impact that the situation has had on them. Limited consideration of why this situation may have made them feel /react this way.	The student has acknowledged the impact of the situation on them and has identified the personal and professional consequences of the situation. The student has considered why this situation may have made them feel /react this way.
Action	Limited consideration of why this situation may have made them feel /react this way.	The student provides some description of the actions that they took and describes the outcome of those actions.	The student provides a full description of the actions that they took, with a clear explanation of why they took those actions. The student clearly describes the outcome of those actions.
Learning	The student has not been able to identify some capabilities and attributes developed or enhanced through this situation.	The student has been able to identify some capabilities and attributes developed or enhanced through this situation.	Student provides a thoughtful and considered reflection on the learning that they have gained through this situation. Identification of particular capabilities and attributes developed or enhanced.

Part 3: PAF (Individual, Compulsory and use to adjust your team report marks)

Peer Assessment must be completed last and will be available on Blackboard after submitting the report. PAF opens at **2pm 5th Oct and will be closed at 2pm 7th Oct 2022**.

Completing the Peer Assessment is **mandatory** for receiving the report marks. Peer assessment will be used to compute your final grade on the report. If you do not submit a peer assessment form, you will receive a score of **zero** on the report. Peer Assessment will be completed on Blackboard and is integrated into the Blackboard teams.

Your team members will mark you according to your contribution across four criteria:

1. **Performance:** Team members consistently demonstrated a high standard and completeness of work. And the group member's work is not excluded from the final submission due to the quality issue.
2. **Collaboration:** Team members consistently treated others respectfully, shared findings with the team, and shared the workload fairly. And the group member is actively involved in group discussions and be able to offer their opinions and be able to work with different opinions in a group.
3. **Communication:** Team members are easy to get in touch with via email, and messages. And the group member attends meetings as scheduled on time.
4. **Time management:** Team members consistently completed assigned tasks on time. (An inferior performance would be a group member required intervention to complete assigned tasks on time, and hold up progress on the assessment because of incomplete work.)

How the Peer Assessment will be used to adjust the report marks:

Each team member will allocate 100 points between the members of their team. Justification of your distribution of points is essential if they are to be included in the calculation of the final Peer Assessment Factor (PAF). In particular, if the score given to any team member deviates from the average by 10% or more, you must provide a written justification.

For example, the average score for a team of 4 members will be 25. If you give a member of your team a score of 20 (out of 25), you are saying that they deserve only 80% (that is, 20/25) of the score on the team assignment. In addition, if every member of the team gives the same score to every other member, then that team member will have a PAF of 0.8, and their project score will be 0.8 times the team score on the team assignment. Thus, for a team of 4 members in this example, all scores 10% higher or lower than the average score of 25, that is, either 22.5 or 27.5, must be justified in writing when completing the peer assessment.

In the event of members disagreeing with each other's marks. Course staff will go through all team comments to validate the marks. If you mark your team member (or yourself) lower (higher) than average without written justification, your input will be *ignored* during the decision marking process. If course staff requires further clarification, you will be contacted by email.

Late submission of the peer assessment (as determined by the time-stamp on Blackboard) will be subject to the rule of Late Submission as specified in Sections 5.3 and 6.1 of the course profile.