



## BUSINESS FINANCE 7223 – PORTFOLIO MANAGEMENT SYLLABUS

**SPRING 2019**

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**Classroom:**

Gerlach Hall 355 Monday & Wednesday 4:30-6:00pm

**Office hours:**

Monday 2:00pm-4:00pm

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### ***Course Overview***

Over \$49 trillion are invested in mutual funds worldwide. Roughly \$18.7 trillion is invested in U.S. mutual funds alone, up from just \$5.5 trillion in 1998. Exchange-traded funds (ETFs) now manage \$5.3 trillion (\$3.7 trillion of that in the U.S.), and the number of U.S. ETFs has grown from 2 in 1995 to over 1,800 in the U.S. today. The mutual fund industry employs approximately 178,000 people in the U.S. Hedge funds, including Funds of Funds, manage over \$3.2 trillion. Retirement accounts in the U.S., much of which are invested in mutual funds, contain \$28.2 trillion.

To find employment in this industry, it is necessary to possess the skills that are required, skills above and beyond those taught in typical Investments and Corporate Finance courses. The goal of this course is to provide an introduction to the tools needed to enter the field of professional money management.

You are expected to have already completed Investments I and II and have learned the basic analysis of equity, fixed income and derivative securities. You should also be familiar with using Excel.

There are three main goals for this course:

- 1) Increasing your knowledge of the portfolio management industry.
- 2) Improving your data analysis skills.
- 3) Improving your understanding of current issues in the field.

The first goal and second goals will primarily be met in lecture. Here we will cover the basics of portfolio management, backed by numerical examples that can be done in class using Excel or a financial calculator. You will also complete assignments and projects that require you to construct your own spreadsheet analysis to address various portfolio management scenarios. While much of the course will focus on spreadsheet-based tools, you will also gain an understanding of client objectives and how they impact portfolio construction and management. The third goal will be met more informally through class discussion of various articles in the financial press, most commonly from the Wall Street Journal.



**Course Material**

*Recommended Textbook:*

**Running Money: Professional Portfolio Management**, Stewart, Piros and Heisler, 2011, McGraw-Hill Irwin.

*Wall Street Journal:*

Not required, but I will go over many articles from the WSJ in class, to both keep up with current events in the field, as well as to tie the course material to real-life examples.

**Course Format**

This class meets twice per week. I will be following the flow of topics and concepts in the book selectively, but I will also spend time on related examples. Questions are always welcome; please don't hesitate to interrupt at any point. I will also use Carmen to post new information or to send out emails to the class.

**Grading**

You will need to complete Bloomberg Market Concepts, if you have not done so already, for 5% of the total grade. You will need to provide me your Certificate of Completion via email. There will be two in-class quizzes. The first will take place the class period after we complete Chapter 7; the quiz will cover Chapters 2, 6 and 7 and comprise 15% of the total grade. The second quiz will take place the last class and is worth 20% of the total grade. There will be two group projects worth 15% each and a final group project worth 20%. The projects will be due Wednesday, March 6, Monday, April 1 and Wednesday, April 10, all at the beginning of class. You will also build a paper portfolio that will account for 10% of the grade (measurement begins Friday March 1 – Friday April 25. Final grades will be curved with the median grade being close to the B+/A- cutoff.

**Tentative Class Calendar**

	<b>Text Chapter:</b>	<b>Topics:</b>
<b>Wk 1</b>	Introduction	What is a portfolio manager? What investment problems do portfolio managers solve? Spectrum of portfolio managers.
<b>Wk 2</b>	Client Objectives for Diversified Portfolios	Definitions of risk. The portfolio management process and the Investment Policy Statement. Institutional clients. Individual investors. Asset class portfolios.
<b>Wk 3</b>	The Investment Management Process	Efficient Markets Hypothesis. Investment strategies. Key elements of the investment process. Quality control.
<b>Wk 4</b>	Equity Portfolio Investing	Equity strategies. Investment objectives. Selecting the equity mix. Implementation and alternatives. The equity management business. Quiz #1 (Ch. 2,6-7)
<b>Wk 5</b>	Equity Portfolio Construction	Passive vs. Active. Style and sector management. Some basic fixed-income topics may be included as well.
<b>Wk 6</b>	Alternative Investment Classes	Hedge funds. Venture capital. Private equity. Real estate. Commodities. Manager selection. Quiz #2 (Ch. 8,9,11)
<b>Wk 7</b>	Portfolio Performance Evaluation	Return decomposition techniques.



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