



**Shanghai Jiao Tong University**  
**BU207 Portfolio Management (Online)**

<b>Instructor Information</b>	Ying Wang Home Institution: East China Normal University Email: ywang@fem.ecnu.edu.cn Office Hours: Determined by Instructor		
<b>Term</b>	December 17, 2020 - January 8, 2021	<b>Credits</b>	4 units
<b>Course Delivery</b>	The class will be delivered in the format of online. Other than recorded lecture videos, the instructor will arrange 5 hours' real-time interactions with students per week (via discussion forum, zoom meeting, and WeChat). The workload students are expected to complete to properly pass this course is about 10-15 hours per week.		
<b>Required Texts (with ISBN)</b>	Managing Investment Portfolios: a dynamics process. John L. Maginn, Donald L. Tuttle, Dennis W. McLeavey, Jerald E. Pinto. Third Edition. John Wiley & Sons, Inc. ISBN-13: 978-0-470-08014-6 ISBN-10: 0-470-08014-0		
<b>Prerequisite</b>	Foundations of Finance Statistics		



## Course Overview

This course covers the main contents in portfolio management theories, and Chapter 1-8 and Chapter 12 in the text book will be included. You are suggested to have a basic knowledge of Foundations of Finance and Statistics. We will introduce the portfolio management process and investment policy statement firstly, and learn how to manage the individual and the institutional investor portfolios by case studies. Moreover, the asset and equity allocation approaches such as optimization, strategic or tactical allocation, and passive, active or semiactive equity investing methods will be introduced further as well as the alternative investment portfolio management. For the portfolio performance evaluation, we develop various measurement such as benchmarks, performance attribution and appraisal to help practitioner evaluate and identify the performance of different managers. There will be two assignments (online group presentation), one online quiz and final exam scheduled in this course.

## Learning Outcomes

Upon completion of this course, students will be able to:

1. Describe the portfolio process and the investment policy statement
2. Apply the approaches to manage individual or institutional investor portfolios
3. Adopt the corresponding methods to manage asset and equity portfolios
4. Identify, calculate, and interpret the fixed-income portfolio management
5. Describe and apply the alternative investment portfolio management
6. Identify and evaluate portfolio performance

## Course Structure

This full online module consists of 15 pre-recorded lectures, each around 45-70 mins (max. 18 hrs). The remaining about 19 hrs are dedicated to online interaction through.

- There will be two student teamwork assignments in-class preparing for the next day's teamwork presentation. (3-4 hrs each, Incl. 1-2 hrs for each assignment and 2-3 hrs for each teamwork presentation)
- Online quiz (1 hr)
- Final exam (2 hrs)
- Other remaining course time should be used to individually and autonomously prepared for the quiz and final course assessment.

## Assessment Type

The assessment for this course is based on two online presentations, one online quiz and final exam. For the team work presentation, it is essential that students work well together as a team (about 3-5 students/team), and there will be only one team score, which means everyone within the team will receive the same score.



### Grading Policy

Online quiz	20%
In-class group presentation	40%
Final Exam	40%

### Grading Scale is as follows

Number grade	Letter grade	GPA
90-100	A	4.0
85-89	A-	3.7
80-84	B+	3.3
75-79	B	3.0
70-74	B-	2.7
67-69	C+	2.3
65-66	C	2.0
62-64	C-	1.7
60-61	D	1.0
≤59	F (Failure)	0



**Class Schedule**

Date	Lecture	Readings
Day 1	<p align="center"><b>COURSE OVERVIEW &amp; INTRO</b></p> <p><b>Ch 1 Portfolio Management Process and the Investment Policy Statement</b></p> <ul style="list-style-type: none"> <li>- Investment management</li> <li>- The portfolio perspective</li> <li>- Portfolio management as a Process</li> <li>- The portfolio management process logic</li> <li>- Investment objectives and constraints               <ul style="list-style-type: none"> <li>- The dynamic of the process</li> </ul> </li> <li>- The future of portfolio management</li> <li>- The ethical responsibilities of portfolio managers</li> </ul>	Chapter 1
Day 2	<p><b>Ch 2 Managing Individual Investor Portfolios</b></p> <ul style="list-style-type: none"> <li>- Introduction</li> <li>- Case study: The Inger Family and Jourdan's Findings and Personal Observations</li> <li>- Investor Characteristics: Situational and Psychological Profiling               <ul style="list-style-type: none"> <li>- Investment Policy Statement</li> </ul> </li> <li>- An Introduction to Asset Allocation</li> </ul>	Chapter 2
Day 3	<p><b>Ch 3 Managing Institutional Investor Portfolios</b></p> <ul style="list-style-type: none"> <li>- Pension Funds: Defined-Benefit Plans, Defined-Contribution Plans and Hybrid and Other Plans               <ul style="list-style-type: none"> <li>- Foundations and Endowments</li> </ul> </li> <li>- The Insurance Industry: Life Insurance Companies, Non-Life Insurance Companies</li> <li>- Banks and Other Institutional Investors</li> </ul> <p><b>Assignment:</b> Reflection about the differences between Managing Individual Investor Portfolios and Institutional Investor Portfolios (team work)</p>	Chapter 3
Day 4	<p align="center"><b>Online Interaction</b></p> <p>Reflection about the differences between Managing Individual Investor Portfolios and Institutional Investor Portfolios (team work presentations online)</p>	



Day 5	<p><b>Ch 4 Capital Market Expectations</b></p> <ul style="list-style-type: none"> <li>- Introduction</li> <li>- Organizing the Task: Framework and Challenges</li> <li>- Tools for Formulating Capital Market Expectations               <ul style="list-style-type: none"> <li>- Economic Analysis</li> </ul> </li> </ul>	Chapter 4
Day 6	<p><b>Ch 5 Asset Allocation</b></p> <ul style="list-style-type: none"> <li>- Introduction</li> <li>- What is Asset Allocation</li> <li>- Asset Allocation and the Investor's Risk and Return Objectives               <ul style="list-style-type: none"> <li>- The Selection of Asset Classes</li> <li>- The Steps in Asset Allocation</li> </ul> </li> </ul>	Chapter 5 1-5
Day 7	<ul style="list-style-type: none"> <li>- Optimization</li> <li>- Implementing the Strategic Asset Allocation</li> <li>- Strategic Asset Allocation for Individual Investors</li> <li>- Strategic Asset Allocation for Institutional Investors               <ul style="list-style-type: none"> <li>- Tactical Asset Allocation</li> </ul> </li> </ul> <p><b>Assignment:</b> Reflection about capital market expectations and asset allocation (team work)</p>	Chapter 5 6-10
Day 8	<p><b>Online Interaction</b></p> <p>Reflection about capital market expectations and asset allocation (team work presentations online)</p>	
Day 9	<p><b>Ch 6 Fixed-Income Portfolio Management</b></p> <ul style="list-style-type: none"> <li>- Introduction</li> <li>- A Framework for Fixed-Income Portfolio Management</li> <li>- Managing Funds Against a Bond Market Index               <ul style="list-style-type: none"> <li>- Managing Funds Against Liabilities</li> </ul> </li> </ul>	Chapter 6 1-4
Day 10	<ul style="list-style-type: none"> <li>- Other Fixed-Income Strategies</li> <li>- International Bond Investing</li> <li>- Selecting a Fixed-Income Manager</li> </ul>	Chapter 6 5-7



Day 11	<p align="center"><b>Online Quiz (60 mins)</b></p> <p><b>Ch 7 Equity Portfolio Management</b></p> <ul style="list-style-type: none"> <li>- Introduction</li> <li>- The Role of the Equity Portfolio</li> <li>- Approaches to Equity Investment</li> </ul>	<p align="center"><b>Online Quiz</b> Chapter 7 1-3</p>
Day 12	<ul style="list-style-type: none"> <li>- Passive Equity Investing</li> <li>- Active Equity Investing</li> <li>- Semiactive Equity Investing</li> </ul>	<p align="center">Chapter 7 4-6</p>
Day 13	<ul style="list-style-type: none"> <li>- Managing a Portfolio of Managers</li> <li>- Identifying, Selecting, and Contracting with Equity Portfolio Managers</li> <li>- Structuring Equity Research and Security Selection</li> </ul>	<p align="center">Chapter 7 7-9</p>
Day 14	<p align="center"><b>Ch 8 Alternative Investments Portfolio Management</b></p> <ul style="list-style-type: none"> <li>- Introduction</li> <li>- Investments: Definitions, Similarities, and Contrasts <ul style="list-style-type: none"> <li>- Real Estate</li> </ul> </li> <li>- Private Equity/Venture Capital <ul style="list-style-type: none"> <li>- Commodity Investments</li> </ul> </li> </ul>	<p align="center">Chapter 8 1-5</p>
Day 15	<ul style="list-style-type: none"> <li>- Hedge Funds</li> <li>- Managed Futures</li> <li>- Distressed Securities</li> </ul>	<p align="center">Chapter 8 6-8</p>
Day 16	<p align="center"><b>Ch 12 Evaluating Portfolio Performance</b></p> <ul style="list-style-type: none"> <li>- Introduction</li> <li>- The Importance of Performance Evaluation</li> <li>- The Three Components of Performance Evaluation <ul style="list-style-type: none"> <li>- Performance Measurement</li> </ul> </li> </ul>	<p align="center">Chapter 12 1-4</p>
Day 17	<ul style="list-style-type: none"> <li>- Benchmarks</li> <li>- Performance Attribution</li> <li>- Performance Appraisal</li> <li>- The Practice of Performance Evaluation</li> </ul> <p align="center"><b>COURSE CLOSURE &amp; WRAP-UP</b></p> <p align="center"><b>Online Interaction</b></p>	<p align="center">Chapter 12 5-8</p>
Day 18	<p align="center"><b>Final Exam (2 hours)</b></p>	