

Shanghai Jiao Tong University

BU430 Portfolio Management (Postgraduate)

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| Instructor Information | <p>Jiahong Mi Home Institution: Shanghai Maritime University Email: jhmi@shmtu.edu.cn Office Hours: Determined by Instructor</p> | | |
| Term | December 17, 2020 - January 8, 2021 | Credits | 4 units |
| Class Hours | Sunday through Thursday, 135 mins per teaching day | | |
| Discussion Sessions | 2 hours each week, conducted by teaching assistant(s) | | |
| Total Contact Hours | 64 contact hours (1 contact hour = 45 mins, 2880 mins in total) | | |
| Required Texts (with ISBN) | <p>Bodie, Z., Kane, A. and Marcus, A.J. (2018). Investments, 11th Edition, McGraw-Hill Education ISBN: 9780077861674</p> | | |
| Prerequisite | Students are expected to have a thorough knowledge of all material covered in an introductory finance course. | | |
| <p>The course might be moved to online delivery due to COVID-19 pandemic. The anticipated date is November 6, 2020.</p> | | | |

Course Overview

Portfolio management: The art and science of making decisions about investment mix and policy, matching investments to objectives, asset allocation for individuals and institutions, and balancing risk against performance. (Investopedia) There has been a proliferation of new products and strategies in the asset management space in recent years, e.g., smart beta, alternative beta, fundamental indexing, low volatility, and leveraged and inverse ETFs. This course applies portfolio theory to understand and evaluate these products and strategies in the context of the empirical evidence about return patterns across assets (i.e., the factors such as value/growth, momentum, and carry that drive returns) in multiple markets/asset classes (e.g., US and international equities and bonds, currencies, and commodities). Key questions include: What factors drive asset returns? Is it risk or mispricing? Can this structure of returns be used to construct better portfolios and products? How should the performance of existing products be evaluated given the empirical evidence? The basic theoretical framework is standard portfolio theory, as developed in Foundations of Finance, and its extensions, and the course will rely heavily on Excel modeling using real world data.

Learning Outcomes

After successfully completing this course you should be able to:

1. Analyse and evaluate financial and non-financial information relevant to the task of asset allocation and security selection
2. Assess the value of a financial asset using a variety of accepted methods
3. Explain and evaluate the risks associated with ownership of a financial asset
4. Analyse and implement alternative approaches to portfolio construction
5. Apply theory to the analysis of real world companies and cases, and employ databases and software commonly used in industry
6. Evaluate the performance of a portfolio and portfolio manager



Grading Policy

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| Mid-semester Exam | 25% |
| Case Study (Company Analysis) | 25% |
| Final Exam | 50% |

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 | Equity Fundamental Analysis | Chapter 19 |
| Day 2 | The Asset Management Landscape Mutual fund and ETFs | Chapter 4 |
| Day 3 | Equity Valuation (1) | Chapter 18 |
| Day 4 | Equity Valuation (2) | Chapter 18 |
| Day 5 | Equity Valuation (3) & Case Study | Excel Exercise |
| Day 6 | Practice session on “Equity Valuation” | Tutorial questions and supporting material |
| Day 7 | Macroeconomic and Industrial Analysis | Chapter 17 |
| Day 8 | Practice session on “Macroeconomic and Industrial Analysis” | Tutorial questions and supporting material |
| Day 9 | Mid-semester exam review | Lecture notes and supporting material |
| Day 10 | Mid-semester Exam | |
| Day 11 | Bond Valuation (1) | Chapter 14 |
| Day 12 | Bond Valuation (2) | Chapter 15 |
| Day 13 | Practice session on “Bond Valuation” | Tutorial questions and supporting material |
| Day 14 | Portfolio Theory (1) | Chapters 5, 6 |
| Day 15 | Portfolio Theory (2) | Chapters 7, 8 |
| Day 16 | Portfolio Theory (3) | Chapters 9, 10 |
| Day 17 | Course review | Lecture notes and supporting material |
| Day 18 | Final Exam | |