



Shanghai Jiao Tong University
BU207 Portfolio Management

Instructor Information	<p>Ying Wang Home Institution: East China Normal University Email: ywang@fem.ecnu.edu.cn Office Hours: Determined by Instructor</p>		
Term	December 17, 2020 - January 8, 2021	Credits	4 units
Class Hours	Sunday through Friday, 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>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</p>		
Prerequisite	<p>Foundations of Finance Statistics</p>		
<p>The course might be moved to online delivery due to COVID-19 pandemic. The anticipated date is November 6, 2020.</p>			



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

Grading Policy

In-class group presentation	50%
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	<p align="center">COURSE OVERVIEW & INTRO</p> <p>Ch 1 Portfolio Management Process and the Investment Policy Statement</p> <ul style="list-style-type: none"> - Investment management - The portfolio perspective - Portfolio management as a Process - The portfolio management process logic - Investment objectives and constraints <ul style="list-style-type: none"> - The dynamic of the process - The future of portfolio management <p>The ethical responsibilities of portfolio managers</p>	Chapter 1
Day 2	<p>Ch 2 Managing Individual Investor Portfolios</p> <ul style="list-style-type: none"> - Introduction - Case study: The Inger Family and Jourdan’s Findings and Personal Observations - Investor Characteristics: Situational and Psychological Profiling <ul style="list-style-type: none"> - Investment Policy Statement <p>An Introduction to Asset Allocation</p>	Chapter 2
Day 3	<p>Ch 3 Managing Institutional Investor Portfolios</p> <ul style="list-style-type: none"> - Pension Funds: Defined-Benefit Plans, Defined-Contribution Plans and Hybrid and Other Plans <ul style="list-style-type: none"> - Foundations and Endowments - The Insurance Industry: Life Insurance Companies, Non–Life Insurance Companies - Banks and Other Institutional Investors <p>Assignment: Reflection about the differences between Managing Individual Investor Portfolios and Institutional Investor Portfolios (team work)</p>	Chapter 3
Day 4	<p align="center">Online Interaction</p> <p>Reflection about the differences between Managing Individual Investor Portfolios and Institutional Investor Portfolios (team work presentations online)</p>	
Day 5	<p>Ch 4 Capital Market Expectations</p> <ul style="list-style-type: none"> - Introduction - Organizing the Task: Framework and Challenges - Tools for Formulating Capital Market Expectations <p>Economic Analysis</p>	Chapter 4



Day 6	<p>Ch 5 Asset Allocation</p> <ul style="list-style-type: none"> - Introduction - What is Asset Allocation - Asset Allocation and the Investor's Risk and Return Objectives <ul style="list-style-type: none"> - The Selection of Asset Classes - The Steps in Asset Allocation 	Chapter 5 1-5
Day 7	<ul style="list-style-type: none"> - Optimization - Implementing the Strategic Asset Allocation - Strategic Asset Allocation for Individual Investors - Strategic Asset Allocation for Institutional Investors <ul style="list-style-type: none"> - Tactical Asset Allocation <p>Assignment: Reflection about capital market expectations and asset allocation (team work)</p>	Chapter 5 6-10
Day 8	Reflection about capital market expectations and asset allocation (team work presentations)	
Day 9	<p>Ch 6 Fixed-Income Portfolio Management</p> <ul style="list-style-type: none"> - Introduction - A Framework for Fixed-Income Portfolio Management - Managing Funds Against a Bond Market Index <ul style="list-style-type: none"> - Managing Funds Against Liabilities 	Chapter 6 1-4
Day 10	<ul style="list-style-type: none"> - Other Fixed-Income Strategies - International Bond Investing - Selecting a Fixed-Income Manager 	Chapter 6 5-7
Day 11	<p>Ch 7 Equity Portfolio Management</p> <ul style="list-style-type: none"> - Introduction - The Role of the Equity Portfolio - Approaches to Equity Investment 	Chapter 7 1-3
Day 12	<ul style="list-style-type: none"> - Passive Equity Investing - Active Equity Investing - Semiactive Equity Investing 	Chapter 7 4-6
Day 13	<ul style="list-style-type: none"> - Managing a Portfolio of Managers - Identifying, Selecting, and Contracting with Equity Portfolio Managers - Structuring Equity Research and Security Selection 	Chapter 7 7-9



Day 14	Ch 8 Alternative Investments Portfolio Management <ul style="list-style-type: none">- Introduction- Investments: Definitions, Similarities, and Contrasts<ul style="list-style-type: none">- Real Estate- Private Equity/Venture Capital- Commodity Investments	Chapter 8 1-5
Day 15	<ul style="list-style-type: none">- Hedge Funds- Managed Futures- Distressed Securities	Chapter 8 6-8
Day 16	Ch 12 Evaluating Portfolio Performance <ul style="list-style-type: none">- Introduction- The Importance of Performance Evaluation- The Three Components of Performance Evaluation Performance Measurement	Chapter 12 1-4
Day 17	<ul style="list-style-type: none">- Benchmarks- Performance Attribution- Performance Appraisal- The Practice of Performance Evaluation COURSE CLOSURE & WRAP-UP	Chapter 12 5-8
Day 18	Final Exam (2 hours)	