



## BU207 Portfolio Management

<b>Instructor Information</b>	<p>Samuel Kwok          Home Institution: Xian Jiao tong-Liverpool University          Email: Samuel_kwok18@hotmail.com          Office Hours: 10:00 to 12:00 Thursday</p>		
<b>Term</b>	December 13, 2021 - January 7, 2022	<b>Credits</b>	4 units
<b>Class Hours</b>	Monday through Friday, 120 mins per teaching day		
<b>Discussion Sessions</b>	2.5 hours each week, conducted by teaching assistant(s)		
<b>Total Contact Hours</b>	66 contact hours (1 contact hour = 45 mins, 3000 mins in total)		
<b>Required Texts (with ISBN)</b>	<p>Bodie, Z., Kane, A. and Marcus, A.J. (2019) Essentials of Investments, 11<sup>th</sup>, Edition, McGraw-Hill Education          ISBN: 9781260013924</p> <p>Bodie, Z., Kane, A. and Marcus, A.J. (2018). Investments, 11th Edition, McGraw-Hill Education          ISBN: 9780077861674</p>		
<b>Prerequisite</b>	Students are expected to have a thorough knowledge of all material covered in an introductory finance course.		



## 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. Analyze 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. Analyze and implement alternative approaches to portfolio construction.
5. Evaluate the performance of a portfolio and portfolio manager



### Grading Policy

Mid-semester Exam	30%
Case Study (Company Analysis)	30%
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	Introduction: Investment Environment	Chapter 1
Day 2	Asset Classes and Financial Instruments	Chapter 2
Day 3	The Asset Management Landscape Mutual fund and ETFs	Chapter 4
Day 4	Portfolio Theory (1)	Chapters 5
Day 5	Portfolio Theory (2)	Chapters 6, 7
Day 6	Practice session on “Portfolio Theory”	Tutorial questions and supporting material
Day 7	Options	Chapter 20
Day 8	Case Study & Group Project	Excel Exercise
Day 9	Mid-semester exam review	Lecture notes and supporting material
Day 10	<b>Mid-semester Exam</b>	
Day 11	Bond Valuation (1)	Chapter 14
Day 12	Bond Valuation (2)	Chapters 15
Day 13	Practice session on “Bond Valuation & Portfolio Theory”	Tutorial questions and supporting material
Day 14	Portfolio Theory (3)	Chapters 7, 8
Day 15	Portfolio Theory (4)	Chapters 9, 10
Day 16	Financial Statement Analysis	Chapters 19
Day 17	Macroeconomic and Industry Analysis	Chapters 17
Day 18	Equity Valuation	Chapters 18
Day 19	Course review	Lecture notes and supporting material
Day 20	<b>Final Exam</b>	