



APPLIES TO ACADEMIC YEAR 2004/2005

## GRA 6531 Portfolio Management

### Program

Advanced Specialization Course (MSc), Master of Science in Business, Master of Science in Business (Finance), Master of Science (Financial Economics)

### Responsible for the course

Bruno Gerard

### Department

Financial Economics

### Term

According to study plan

### ECTS Credits

6

### Objective

Theoretical and applied coverage of advanced portfolio management techniques, for equity only portfolios, for fixed income only portfolios and for mixed portfolios. Special consideration for pension, insurance and national fund portfolios.

### Prerequisites

GRA 6533 Theory of Finance and GRA 6534 Investments or equivalent

### Compulsory literature

Litterman, Bob and the Quantitative Resources Group GSAM. 2003. *Modern Investment Management: An Equilibrium Approach*. Hoboken, N.J.: Wiley.

### Recommended literature

Bodie, Zvi, Alex Kane and Alan J. Marcus. 2004. *Investments*. 6th ed. Boston, MA.: Irwin/McGrawHill.

Fabozzi, Frank J. and Gifford Fong. 1994. *Advanced fixed income portfolio management: The state of the art*. Chicago, IL.: Probus.

Campbell and Viceira, 2002, *Strategic Asset Allocation: Portfolio Choice for Long-Term Investors*. Oxford University Press.

### Course outline

The course will unfold as follows:

- Review of the Portfolio Management Process
- Asset Classes and their risk return characteristics (domestic and international
  - equity and fixed income markets, emerging markets, real estate, commodities, venture capital)
- Passive Equity portfolio Management
- Active Equity Portfolio Management, including
  - Tactical Allocation
  - Active Strategies
  - Optimal implementation of active strategies. The Treynor and Black and the Black-Litterman approaches.
- Fixed Income Portfolio management
  - Review of pricing and risk measures for plain vanilla fixed income assets
  - Asset backed securities
  - Risk and yield management for fixed income portfolios
- Currency risk and international portfolio management.
- Special constraints for institutional investors: pension funds, mutual funds, insurance funds, foundations, and national funds.

- Performance measurement
  - Performance measures
  - Choice of benchmark
- If possible, guest lectures on equity and fixed income management by professional portfolio managers

**Computer-based tools**

Excel based projects - Use of DataStream database, Blackboard/homepage

**Course structure**

Lectures and Cases discussions, 36 hours

**Evaluation**

Your course grade will be based on the following activities and weights:

60% Class work (in the form of a mix of some/ all of the following: hand in of case write ups, projects, and homeworks; case presentations and discussions as well as class participation).  
40% exam (two hours)

Since the major fraction of the course grade is based on class work and in particular on class participation and case presentations and discussions, class attendance is mandatory.

Specific Information regarding any aspect of student evaluation will be provided in class. It is the student's responsibility to obtain this information. Please note that it is the students responsibility to obtain any information provided in class that is not included on the course homepage/Blackboard or text book. Homepages and/or Blackboard are not designed for the purpose of students who choose not to attend class.

**Evaluation code(s)**

GRA 65313 accounts for 100 % of the final grade in the course GRA 6531.

**Aids at the examination**

Financial Calculator. Bilingual dictionary

**Makeup exam**

At the next ordinary exam.