



APPLIES TO ACADEMIC YEAR 2006/2007

GRA 6531 Portfolio Management

Program

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

Books:

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

Recommended literature

Books:

Bodie, Zvi, Alex Kane and Alan J. Marcus. 2005. Investments. 6th ed. Boston, MA.: Irwin/McGrawHill.

Campbell, John Y. and Luis M. Viceira. 2002. Strategic asset allocation : portfolio choice for long-term investors. Oxford : Oxford University Press

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

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.
- 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

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). Both parts of the evaluation need to be passed in order to get a grade in the course.

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. More than 1 unexcused absence will result in a lower score. More than three unexcused absences will result in a failing grade. Please check Blackboard before the start of the course to get the schedule. The course starts immediately at the beginning of the semester.

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

Advanced Calculator. Bilingual dictionary

Makeup exam

Re-takes are only possible at the next time a course will be held. When course evaluation consists of class participation or process elements, the whole course must be re-evaluated when a student wants to retake a exam. Retake examinations entail an extra examination fee.

Honor Code

Academic honesty and trust are important to all of us as individuals, and they are encouraged and promoted by the honor system. This is a most significant university tradition. The honor system is the responsibility of students. As faculty, we share the commitment to the ideals of the honor system.

At no time should notes or papers or personal consultations based on previous semesters of this course be used. As part of the honor code papers handed in as part of the course is, at the discretion of the professor, scanned for plagiarism. We are using Safe Assignment in Black Board for this purpose. Any violation of the honor code will be dealt with in accordance with BI's procedures on cheating. These issues are a serious matter to everyone associated with the program. They are at the heart of the Honor Code and academy integrity. If you have any questions about your responsibilities under the honor code, please ask.