GRA 6531 Portfolio Management

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

Language of instruction
English

Objective
Theoretical and applied coverage of advanced portfolio management tech-niques, for equity only portfolios, for fixed income only portfolios and for mixed port-folios. 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. 2008. Invesments. 7th 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 portfolio managers

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

Course structure
Lectures and Cases discussions, 36 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. 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
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; in-class mid-term; 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.

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

Support materials at written examiniations are explained under exam information in our web-based student handbook. Please note use of calculator. http://www.bi.no/studenthandbook.

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 me 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 represent values that are encouraged and promoted by the honor code system. This is a most significant university tradition. Students are responsible for familiarizing themselves with the ideals of the honor code system, to which the faculty are also deeply committed.

Any violation of the honor code will be dealt with in accordance with BI's procedures for cheating. These issues are a serious matter to everyone associated with the programs at BI and 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.