APPLIES TO ACADEMIC YEAR 2010/2011

GRA 6531 Portfolio Management

Programme
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

Department

Term
According to study plan

ECTS Credits
6

Language of instruction
English

Introduction
This course is taught in English

Learning outcome
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
Successful completion of GRA 6543 Introduction to Financial Economics/GRA 6533 Theory of Finance and GRA 6534 Investments or equivalent is required PRIOR to enrolling in this class. All exceptions must be approved in writing BEFORE the start of the course by the course instructor.

Compulsory reading
Books:
Litterman, Bob and the Quantitative Resources Group GSAM. 2003. Modern investment management : an equilibrium approach. Hoboken, N.J. : Wiley.

Other:
Diverse authors. Cases in portfolio management. Course specific case book available from XANEDU.com (NEW cases each year - do not purchase previous year case book)
During the course there may be hand-outs and other material on additional topics relevant for the course and the examination.

Recommended reading
Books:
Bodie, Zvi, Alex Kane and Alan J. Marcus. 2009. Invesments. 8th ed. Boston, Mass. : McGraw-Hill
Campbell, John Y. and Luis M. Viceira. 2002. Strategic asset allocation : portfolio choice for long-term investors. Oxford : Oxford University Press
Grinold, Richard C. and Ronald N. Kahn. 2000. Active portfolio management : a quantitative approach to producing returns and controlling risk. 2nd ed. New York : McGraw-Hill.

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, currencies, 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, It's learning/homepage

Learning process and workload
A course of 6 ECTS credits corresponds to a workload of 160-180 hours.
Lectures and Case discussions.

Please note that it is the student's own responsibility to obtain any information provided in class that is not included on the course homepage/It's learning or text book.

Examination
Your course grade will be based on the following activities and weights:
20% class participation and presentation
40% case write ups and computer exercises (8 alltogether, all turned in on paper)
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, case presentations and discussions, CLASS ATTENDANCE IS MANDATORY. Specific information regarding student evaluation beyond the information given in the course description will be provided in class. This information may be relevant for requirements for termpapers or other hand-ins, and/or where class participation can be one for several elements of the overall evaluation.

This is a course with continuous assessment (several exam elements) and one final exam code. Each exam element will be graded using points on a scale (e.g. 0-100). The elements will be weighted together according to the information in the course description in order to calculate the final letter grade for the course. You will find detailed information about the point system and the cut off points with reference to the letter grades on the course site in It's learning.

Examination code(s)
GRA 65313 accounts for 100 % of the final grade in the course GRA 6531.

Examination support materials
A bilingual dictionary and BI-approved exam calculator.
Exam aids at written examinations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary.
http://www.bi.edu/studenthandbook/examaids

Re-sit examination
It is only possible to retake an examination when the course is next taught.
The assessment in some courses is based on more than one exam code.
Where this is the case, you may retake only the assessed components of one of these exam codes.
Where this is not the case, all of the assessed components of the course must be retaken.
All retaken examinations will incur an additional fee.

Additional information
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 academic integrity. If you have any questions about your responsibilities under the honor code, please ask.