

Applied Portfolio Management

UGRA_006707

Departments	Department of Economics, Finance & Accounting
Teaching Languages	English
ECTS	4
Teacher responsible	Ramón Alfonso Mata - ramon.alfonso@esade.edu

Course Goals

The course aims to help students gain the knowledge required to create and manage a fixed income or equity portfolio efficiently.

Students taking this course will learn to:

- Identify the objectives of investors and the constraints they face.
- Identify the asset classes and their profit/risk profile, the optimization procedure, understanding strategic and tactical asset allocation
 - Comprehend the different techniques for active and passive fixed income portfolio management (indexation, immunization, cash flow matching)
 - Understand the active equity portfolio techniques (top down, sector allocation, bottom up) and how to apply them
 - Understand the passive equity portfolio techniques, as well as hedging.
 - Understand how to evaluate the performance of a portfolio manager.
 - Understand how to use ESG rules into Portfolio Management.

Skills developed:

- The ability to acquire, understand and structure knowledge on how to manage a fixed income and equity portfolio.
- The ability to make decisions, to optimize and to evaluate the performance of a portfolio.

Previous knowledge

It is not required to have previous knowledge of portfolio management. However, previous knowledge of financial markets and investments can be appropriate.

Prerequisites

The course is based on lectures and case study discussions. To prepare for the course, participants will receive assigned reading materials and a number of exercises that will be distributed throughout the course. Participants must thoroughly prepare and analyze the pre-assigned reading materials and

exercises before each class. This course has been designed as a seminar and, as such, it is fundamental that students actively participate in class discussions.

Description

Course contribution to program

Portfolio management has undergone intense development in recent years with the mass use of new financial instruments (e.g. Exchange Traded Funds-ETF, structured products, mutual funds of all kinds). The financial markets are now truly global in all senses. Mastering portfolio management techniques is vital to increase the possibility of success of an investment in today's financial markets.

This course concentrates on the key elements that an investor must know to understand portfolio management techniques. We will combine the theory with real and current cases that will help in understanding how to use the different techniques. At the end of the course, we will be able to evaluate the performance of a portfolio and judge the quality of the portfolio manager.

The use of portfolio management techniques is a basic tool which enables the investor to be successful in a more global and complex financial market place. We will develop the skills required to form an opinion and take decisions, while also focusing on results. The course will help in developing the strategic logic for portfolio management.

Short description

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Bibliography

- John L. Maginn, Donald L. Tuttle, Jerald E. Pinto, Dennis W. McLeavey, *Managing Investment Portfolios*, John Wiley (Book)
- Lukasz Słonek, *The Complete Guide to Portfolio Construction and Management*, Wiley Finance (Book)

Activities

Analytical exercises

Weekly Assignments are group based.

- The number of members of each group should be between a minimum of four to a maximum of six.
- If you have any specific situation in your group (i.e. groups smaller than four or over six group member

Content

#	Topic
1	- S1. The Portfolio Management Process and the Investment Policy Statement.
2	- S2. The Asset Allocation Process
3	- S3. Portfolio Optimization
4	- S4. Portfolio Performance Evaluation
5	- S5. Fixed Income Portfolio Management
6	- S6. Equity Portfolio Management – Top down
7	- S7. Equity Portfolio Management – Bottom up
8	- S8. Equity Portfolio Management: Passive and Hedging Techniques
9	- S9. Alternative Investments and ESG criteria.
10	- S10. Final Exam15

Assessment

Tool	Assessment tool	Category	Weight %
Group project	45% Assignments Weekly Assignments are group based.	Retake and ordinary round	45.00%
Quizzes/tests	Final Exam Individually based.	Retake and ordinary round	45.00%
Attendance and punctuality	Attendance and Class Participation	Retake and ordinary round	10.00%

PROGRAMS

B13-Exchange Program Bachelor of Business Administration (BBA) (Undergraduates: Business)
B13 Year 1 (Optative)

B13S-Exchange Program Bachelor of Business Administration (BBA) (Undergraduates: Business)
B13S Year 1 (Optative)

BBA20-Bachelor of Business Administration (BBA) (Undergraduates: Business)
BBA20 Year 3 (Optative)
BBA20 Year 4 (Optative)

BBA23-Bachelor of Business Administration (BBA) (Undergraduates: Business)
BBA23 Year 3 (Optative)
BBA23 Year 4 (Optative)

DBAI21-Double Degree in Business Administration and Artificial Intelligence for Business (Undergraduates: Business)

DBAI21 Year 3 (Optative)
DBAI21 Year 4 (Optative)

DBAI23-Double Degree in Business Administration and Artificial Intelligence for Business (Undergraduates: Business)

DBAI23 Year 4 (Optative)
DBAI23 Year 1 (Optative)
DBAI23 Year 3 (Optative)

GEL19-Bachelor of Global Governance, Economics and Legal Order (Undergraduates: Law)
GEL19 Year 2 (Optative)
GEL19 Year 3 (Optative)

GEL23-Bachelor of Global Governance, Economics and Legal Order (Undergraduates: Law)
GEL23 Year 2 (Optative)
GEL23 Year 3 (Optative)