

PORTFOLIO MANAGEMENT COURSE

Academic Year: **2014/5**

1st semester

Instructor(s): *Maria João Teixeira*

Course Description:

This course is designed to provide a practical experience in portfolio management through appropriate diversification, asset allocation and risk control, having in account the customer profile and goals. To achieve this objective background is given on markets functioning, on securities valuation and risk, and access to Bloomberg information so students will simulate the management of a portfolio of international equities, bonds and investment funds, while notions on derivatives (futures), as hedging instruments, are explained. The class is divided in groups, and each group will make management decisions from one session to the other, making asset allocation and stock picking decisions to meet customer goals and profile. In the last session, each group will present a report with the investment decisions and performance analysis of its portfolio.

Course Content:

1. Introduction

Global Markets Outlook and Portfolio Management Markets and Instruments

2. Fixed Income Portfolio Management

Term Structure of Interest Rates – yield Curve

Management of Bonds Portfolios – duration

Case: Fixed Income Portfolio Management – group assignments

3. Equities Portfolio Management

Macro, micro (fundamental) and technical analysis

Corporate Events – Capital Increases, Rights Issues, Stock Splits

Case: Equities Portfolio Management – group assignments

4. Risk & Return

Portfolio Diversification, Asset Allocation, Optimisation and Models – CAPM

Market and systematic risk

Practical Examples

5. Portfolio Performance and Risk Evaluation

Performance Evaluation and Benchmarking

Risk Management: correlation, VaR, stress tests, back testing, simulation

Case: Evaluation of the portfolios – group assignments



6. Investment Process and Constraints - Investors Preferences and Investment Policy

Individuals Wealth Management – risk profiles, investment profile, goals
Institutional Investors – Banks, Pension Funds, Insurance products, Mutual Funds
Case: Balanced Portfolio Construction: target asset allocation, benchmark, eligible assets – group assignments

7. Group Assignments Presentation - Practical Cases of Portfolio Management

Client Profiling and Investment Proposal
Asset Allocation and Portfolio Investment Decisions - simulation
Performance evaluation and attribution

Course Objectives:

To experience portfolio management through the simulation of a real Portfolio, developing the investment process and control, understanding the factors that influence the assets performance and risk and developing skills on asset allocation and stock picking to generate risk/return optimal portfolios.

Grading:

The final grade will be a weighted average of:

First midterm exam – 30%

Second midterm exam – 30%

Group assignments and participation – 40%

The two mid term exams are mandatory and if a minimum average of 9,5 on the two of them is not achieved, a final exam must be made.

Bibliography:

Bodie, Kane and Marcus, Investments, MacGrawHill and Slides from classes

Biography:

Maria João Teixeira – presently, a Director at CMVM- Comissao de Mercado de Valores Mobiliarios, for the markets and financial intermediaries supervision department, she was previously an Executive Board member at the investment funds company: Barclays Wealth Managers - SGFIM, SA and Director in Barclays Bank for the Barclays Wealth Managers and Securities & Settlement Services until 2013. In the last 15 years she has been a Director of Barclays Portugal in different areas such as Capital Markets and Investment Products Marketing. In 2012, she attended the Harvard Business School 8 weeks Advanced Management Program and in 2010 the Advanced Management Program - Kellogg School of Management / Católica Lisbon. She concluded the MBA in Finance and her Degree in Economics both at Universidade Católica Portuguesa in Lisbon.

Contact(s) and Office hours:

The instructor will be available by email to be contacted or to schedule meetings. Emails will be returned as quickly as possible. Email: mjoaoteixeira@ucp.pt