

Portfolio Management

Department: Fudan International Summer Session 2023

Course Code	ECON170023		
Course Title	Portfolio Management		
Credit	3	Credit Hours	48 credit hours + 3 tutorial hours (one credit hour is 45 minutes)
Course Nature	<input type="checkbox"/> Specific General Education Courses <input type="checkbox"/> Core Courses <input checked="" type="checkbox"/> General Education Elective Courses <input type="checkbox"/> Basic Courses in General Discipline <input type="checkbox"/> Professional Compulsory Courses <input type="checkbox"/> Professional Elective Courses <input type="checkbox"/> Others		
Course Objectives	<p>On successful completion of this course you will be able to:</p> <ul style="list-style-type: none"> • Understand the basic principles of finance, e.g., capital market line, asset pricing model etc., which lay the foundation for the modern portfolio theory; • Develop the awareness of the importance of setting portfolio objectives, interpreting the return and risks of portfolio used in the industry. • Explain the mechanism of diversification and apply the theory in portfolio construction to meet different investment objectives; • Apply a range of techniques using fundamental analysis and technical analysis to predict the future of the stock market and also critically analyze statistical findings, share price information, stock market information and current economy published in media, online resources (e.g. Google finance, Yahoo finance, Bloomberg) and library databases to make an optimal investment decision for portfolio construction and revision; • Understand the tools and techniques used to develop portfolio and evaluate both pros and cons of different portfolio protection strategies and implement appropriate strategy under dynamic scenarios. • Analyze the issues associated with the evaluation of portfolio performance, differentiate various performance evaluation techniques and apply the appropriate methods to evaluate portfolio managers' performance. 		
Course Description	<p style="text-align: center;"><i>"It's only when the tide goes out that you discover who's been swimming naked."</i></p> <p style="text-align: right;"><i>– Warren Buffett</i></p> <p style="text-align: center;"><i>"If you're not failing, you're not pushing your limits, and if you're not pushing your limits, you're not maximizing your potential"</i></p> <p style="text-align: right;"><i>— Ray Dalio</i></p> <p style="text-align: center;"><i>"Investors long for steady waters, but paradoxically, the opportunities are richest when markets turn turbulent."</i></p>		

— Roger Lowenstein

The course presents the theoretical basis and technical skills to students to fulfill his/her role as a potential effective portfolio manager. A distinctive feature of the course is to focus on practical issues raised in a career of portfolio manager from constructing the portfolio, managing it and developing strategy to protect the value of the portfolio. At the end of the course students will know the basic theoretical foundations of portfolio theory, understand the investment process, be able to choose optimal investment strategy and construct an efficient portfolio and design strategies to manage and protect the portfolio. Besides, students will also gain confidence in the application of a range of techniques and develop a capacity for independent thought and critical analysis, in the areas of investment analysis and portfolio management.

Course Requirements:

Prerequisites:

Financial Accounting, Statistics, Principles of Finance and Valuation, Quantitative Analysis and Modeling.

Teaching Methods:

Lectures, case study, in-class assignments and group project

Instructor's Academic Background: (TBD)

Dr. Zhou currently serves as Associate Professor in Finance at Faculty of Business Administration, University of Macau in Macau, China. Before joining the University of Macau, he was an Assistant Professor in Finance at the Fanhai International School of Finance (FISF) and School of Economics (SOE), Fudan University in Shanghai. Professor Zhou obtained his Ph.D. degree in Business (Finance) from at Lee Kong Chian School of Business of Singapore Management University (SMU) in 2017, M.A. in Economics from Shanghai University of Finance and Economics in 2013 and B.A. in Economics from Zhongnan University of Economics and B.S. in Computer Science from Huazhong University of Science and Technology in 2011.

Email: silizhou@fudan.edu.cn

Course Schedule:

Class	Date	Topic	CB Chapter	Assessments
1	TBD	Introduction of Investment	1, 2, 4	
2	TBD	Measurement of Risk and Return	5	
3	TBD	Portfolio Theory and Applications	6, 7, 8	
4	TBD	The Capital Asset Pricing Model and Arbitrage Pricing Theory	9,10	

5	TBD	Empirical Evidence on the CAPM and Factor Models	13	
SATURDAY & SUNDAY				
6	TBD	The Efficient Market Hypothesis and Multifactor Models	11, 24	
7	TBD	Behavioral Finance	12	
8	TBD	Group Project Review and Mid-term Project	N/A	2-hour project
9	TBD	Bond Pricing and Yields	14,15	
10	TBD	Bond Portfolios	16	
SATURDAY & SUNDAY				
11	TBD	Equity Valuation and Alphanomics	17, 18	
12	TBD	Principles of Options and Futures	20,21,22	
13	TBD	Hedge Funds	26, 27	
14	TBD	Group Presentation	N/A	Written reports, presentation, discussion
15	TBD	Group Presentation	N/A	Written reports, presentation, discussion

The design of class discussion or exercise, practice, experience and so on:

I encourage students to attend my tutorial hours to discuss questions either on class material, problems on exams or related subject matter. This course is very comprehensive and requires a lot of exercise.

Grading & Evaluation:

Assessment	Weighting	Length	Due Date
Tutorial contribution	10%	3-minute sharing of current issues linked to the ongoing courses	Classes 2-13
Class participation/tests	20%	Ongoing	Classes 2-13
Mid-term project	20%	2-hour project	
Case report, presentation and	50%	<ul style="list-style-type: none"> Written reports (30% of marks) 	During the last two classes

	discussion		<ul style="list-style-type: none"> • 35-minute presentation (15% of marks) • 10-minute discussion (5% of marks) 		
<p>Teaching Materials & References:</p> <p>Course Book (CB):</p> <ul style="list-style-type: none"> • Zvi Bodie, Alex Kane and Alan J. Marcus, <i>Investments</i>, 10th Edition <p>But you may also refer to the following textbooks if you may not have necessary knowledge of finance:</p> <ul style="list-style-type: none"> • Robert A. Strong, <i>Portfolio Construction, Management, and Protection</i>, 5th Edition • Lee, Charles MC, and Eric C. So. "Alphanomics: The informational underpinnings of market efficiency." <i>Foundations and Trends® in Accounting</i> 9, no. 2–3 (2015): 59-258. <p>In addition, I highly recommend reading the <i>Financial Times</i>, the <i>Economist</i> magazine and the <i>Wall Street Journal</i> regularly. I may ask students to share updated knowledge about global business in the very beginning of the course.</p>					