

FIN 7192 (G01) (3.0 CH)
PORTFOLIO MANAGEMENT
SUMMER 2022

INSTRUCTOR

Name:	Alex Paseka	Office Location:	474 Drake
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COURSE DESCRIPTION

This course explores the theory and practice of portfolio management: Topics include asset allocation, currency management, fixed income portfolio management, equity portfolio management, risk management and application of derivatives, execution of portfolio decisions, monitoring and rebalancing, and performance evaluation. Students targeting the professional asset management career or planning to take the CFA test may find this course useful. Pre-requisite: Graduate level FIN 7020 Corporate Finance Minimum Grade of C+.

COURSE OBJECTIVES

On course completion, you should be able to:

- Understand basic portfolio theories and their implications for portfolio construction and management
- Understand and use strategic and tactical asset allocation approaches
- Understand theory and practice of fixed-income portfolio management strategies
- Understand theory and practice of equity portfolio management strategies
- Understand the use of futures, forwards, options, and swaps for risk management
- Have good knowledge about trading, monitoring, and rebalancing portfolios
- Understand theory and practice of performance evaluation

AACSB Assurance of Learning Goals and Objectives.

The Asper School of Business is proudly accredited by AACSB. Accreditation requires a process of continuous improvement for the School and our students. Part of “student improvement” is ensuring that students graduate with the knowledge and skills they need to succeed in their careers. To do so, the Asper School has set the **learning goals and objectives** listed below for the **MBA Program**. The checked goal(s) and objective(s) will be addressed in this course and done so by means of the items listed next to the checkmark.

	Goals and Objectives in the MBA Program	Goals and Objectives Addressed in this Course	Course Item(s) Relevant to these Goals and Objectives
1	Strategic Thinking Students will think critically and creatively about solutions to organizational problems, considering short-term and long-term goals, resources, risks, and opportunities.		
	A. Students are able to identify situations where strategic thinking is necessary.	✓	Readings: Asset Allocation and Derivatives
	B. Students are able to identify different strategies.	✓	Project, Practice and Test Questions
	C. Students are able to perform a basic strategic analysis.	✓	
	D. Students are able to recommend strategic alternatives and their implementations.	✓	
2	Global Perspective Students will adopt a global mindset in considering organizational decisions.		
	A. Students have an awareness of global diversity, and multicultural awareness.		
	B. Students have an awareness of different global perspectives.	✓	
	C. Students have been exposed to global business environments through course materials	✓	Reading: Asset Allocation and Derivatives
3	Ethical Mindset Students will consider ethical and moral issues when analyzing and recommending solutions to organizational problems.		
	A. Students demonstrate an understanding of the responsibility of business in society.		
	B. Students demonstrate an understanding of ethical decision making.		
	C. Students demonstrate moral development in ethical decision making.		
	D. Students demonstrate an understanding of the responsibilities of a leader's role as it relates to ethics.		
4	Quantitative and Financial Proficiency Students will demonstrate the ability to approach organizational issues using quantitative and financial analysis.		
	A. Students are able to identify that a problem containing a quantitative aspect exists.	✓	Entire course
	B. Students are able to apply financial methodologies in the answering of business questions.	✓	Project
	C. Students are able to demonstrate a basic financial proficiency in understanding the role and flow of money in an organization.		
	D. Students are able to interpret the results of a financial analysis.	✓	Project

COURSE MATERIALS

Required Resources:

Lectures: six sets of lecture slides

Lectures notes: notes accompanying lecture slides, which contain solutions to problems discussed in class and other material

Practice exercises: a set of practice exercises with solutions

All required resources will be posted on UMLearn.

Recommended Resources:

MIP: John L. Maginn et al. Managing Investment Portfolios: A Dynamic Process, 3rd Edition (2007), Wiley, Chapters 5-7, 10-12. (out of print, not in the UM bookstore, lectures and lecture notes will be a substitute for this text)

D: Wendy L. Pirie, Derivatives, Wiley (April 3 2017), Chapters 6-9

Recommended Resources for those planning to take CFA exams:

CFA: 2022 CFA Program Curriculum Level III

- *Volume 1: Asset Allocation*
- *Volume 2: Derivatives, Currency Management, And Fixed Income*
- *Volume 3: Fixed Income And Equity Portfolio Management*
- *Volume 4: Trading And Performance Evaluation*

COURSE ASSESSMENT

Student progress will be assessed through:

Midterm Exam30%

Group Assignment.....30%

Final Exam40%

A fixed percentage grading scale is not used in this course. **Final grades are based on the student's weighted mark and performance relative to other students.**

MIDTERM EXAMINATION (30 %): The midterm exam will be a two-hour open-book online examination administered via UMLearn. The midterm exam will take place outside of the regular class time on **July 11 from 6:00 pm to 8:00 pm**. Please keep this date free. No makeup exam for the midterm will be given. A student who misses the midterm exam will have the weight of the midterm added to the final exam.

GROUP ASSIGNMENT (in groups – maximum five students per group) (30 %): The assignment is meant to be a learning experience and to help prepare students for CFA examinations. I will not

accept late projects. Hand-written projects will not be accepted under any circumstances. The projects are due by midnight on **July 26**.

FINAL EXAMINATION (40 %): The final examination will take place on **August 4th** from **6:30 pm to 9:30 pm**. The final exam will be an in-person **three-hour closed-book examination** (location TBD). The final exam will be cumulative, i.e., the test questions will span the entire course content. A two-sided 8.5" x 11" sheet with anything **hand-written** on it can be taken to the final examination. No word-processed or photocopied material is allowed on your formula sheet. Improper formula sheets will be confiscated. You are also allowed to bring a financial (non-programmable) calculator. The use of laptops and mobile phones is not permitted during the final exam.

Students who miss the final examination may apply for possible deferred examination privileges.

NOTE: Class attendance is required. Missing more than 20% of this course due to absences may result in a failing grade. It is your responsibility to inform your professor in advance of your absence and the reason for it (medical documentation or employer note if away for a work commitment) if required. The professor decides how to deal with the impact of missed classes on your final grade.

EMAIL

Students must use their University of Manitoba email account in all correspondence with me. Please include your full name in every email. It is a university policy that email communication between students and faculty be conducted solely with University of Manitoba email accounts.

COURSE SCHEDULE

DATE	TOPIC	SUGGESTED READINGS
Class 1-2: June 21-23	Asset Allocation	MIP: chapter 5
Class 3-4: June 28-30	Asset Allocation, Fixed Income Portfolio Management (FIPM)	MIP: chapters 5,6
Class 5: July 5	FIPM, Execution of Portfolio Decisions	MIP: chapters 6, 10
Class 6: July 7	Execution of Portfolio Decisions, Equity Portfolio Management	MIP: chapters 10, 7, 11
July 11, 6:00 pm – 8:00 pm	Online Midterm Exam (two hours)	MIP: chapters 5,6, and 10
Class 7: July 12	Equity Portfolio Management, Monitoring and Rebalancing, Evaluating Portfolio Performance	MIP: chapters 7, 11, 12
Class 8: July 14	Evaluating Portfolio Performance, Risk Management	MIP: chapter 12 D: chapter 6
Classes 9-11: July 19-26	Applications of Forwards, Futures, Options, and Swaps	D: chapters 7-9
July 26, by midnight	Projects Due	
August 4, 6:30 pm – 9:30 pm	Final Exam (three hours)	cumulative

ACADEMIC REGULATIONS AND STUDENT SERVICES

HUMAN ETHICS APPROVAL FOR DATA COLLECTION

As part of coursework, if you will be collecting data from people who are not students in this class, you must obtain Human Ethics approval from the UofM's Research Ethics Board (REB) prior to data collection. This applies to data collection such as surveys, interviews, focus groups, experiments, video recording, etc., where a respondent is solicited for participation.

If the entire class will be working on the same project, your instructor will apply for human ethics approval from the REB. If individuals or small groups of students will be working on different projects, it is the responsibility of the students to obtain approval (only one group member needs to apply). Your instructor will tell you whether s/he will be or you need to. When in doubt, please talk to your instructor.

Instructions and forms to apply for human ethics approval can be found at:

<http://umanitoba.ca/research/orec/ethics/guidelines.html>

In most cases, you will be using the "Protocol Submission Form" which is under the "REB Forms - Fort Garry Campus" heading.

It can take up to six weeks to process human ethics applications and obtain approval. Therefore, plan early. Note that approval must be obtained prior to data collection and cannot be obtained during the data collection phase or retroactively. Violation can get you, your instructor, and the Asper School in serious trouble with the REB.

If you will be collecting data only from other students in the class, you do not need REB approval. If you have any questions, please contact humanethics@umanitoba.ca or your instructor.

UNCLAIMED ASSIGNMENT POLICY

Pursuant to the FIPPA Review Committee's approved recommendations of August 15, 2007, all unclaimed student assignments will become the property of the faculty and will be subject to destruction six months after the completion of any given academic term.

STUDENT SERVICES AND SUPPORTS

The University of Manitoba provides many different services that can enhance learning and provide support for a variety of academic and personal concerns. You are encouraged to visit the below websites to learn more about these services and supports. If you have any questions or concerns, please do not hesitate to contact your instructor or the Graduate Program Office.

For Information on...	...follow this link
Course Outlines, Year-at-a-Glance, Concentrations, Textbooks, VW Dates and Final Exams	MBA Course Information
Exam Rescheduling Policy - <i>Please refer to Missing a Test/Exam on page 18 of the MBA Student Handbook</i>	MBA Student Handbook
Help with research needs such as books, journals, sources of data, how to cite, and writing	Library Resources
Tutors, workshops, and resources to help you improve your learning, writing, time management, and test-taking skills	Writing and Learning Support
Support and advocacy for students with disabilities to help them in their academic work and progress	Student Accessibility Services
Copyright-related questions and resources to help you avoid plagiarism or intellectual property violations	Copyright Office
Student discipline bylaws, policies and procedures on academic integrity and misconduct, appeal procedures	Academic Integrity
Policies & procedures with respect to student discipline or misconduct, including academic integrity violations	Student Discipline
Students' rights & responsibilities, policies & procedures, and support services for academic or discipline concerns	Student Advocacy
Your rights and responsibilities as a student, in both academic and non-academic contexts	Your rights and responsibilities
Full range of medical services for any physical or mental health issues	University Health Service
Information on health topics, including physical/mental health, alcohol/substance use harms, and sexual assault	Health and Wellness
Any aspect of mental health, including anxiety, stress, depression, help with relationships or other life concerns, crisis services, and counselling.	Student Counselling Centre
Support services available for help regarding any aspect of student and campus life, especially safety issues	Student Support Case Management
Resources available on campus, for environmental, mental, physical, socio-cultural, and spiritual well-being	Live Well @ UofM
Help with any concerns of harassment, discrimination, or sexual assault	Respectful Work and Learning Environment
Concerns involving violence or threats, protocols for reporting, and how the university addresses them	Violent or Threatening Behavior

ACADEMIC INTEGRITY

I.H. Asper School of Business, The University of Manitoba

It is critical to the reputation of the I. H. Asper School of Business and of our degrees that everyone associated with our faculty behaves with the highest academic integrity. As the faculty that helps create business and government leaders, we have a special obligation to ensure that our ethical standards are beyond reproach. Any misconduct in our academic transactions violates this trust. The University of Manitoba Graduate Calendar addresses the issue of academic misconduct under the heading "Plagiarism and Cheating." Specifically, acts of academic misconduct include, but are not limited to:

- using the exact words of a published or unpublished author without quotation marks and without referencing the source of these words
- duplicating a table, graph or diagram, in whole or in part, without referencing the source
- paraphrasing the conceptual framework, research design, interpretation, or any other ideas of another person, whether written or verbal (e.g., personal communications, ideas from a verbal presentation) without referencing the source
- copying the answers of another student in any test, examination, or take-home assignment
- providing answers to another student in any test, examination, or take-home assignment
- taking any unauthorized materials into an examination or term test (crib notes)
- impersonating another student or allowing another person to impersonate oneself for the purpose of submitting academic work or writing any test or examination
- stealing or mutilating library materials
- accessing tests prior to the time and date of the sitting
- changing name or answer(s) on a test after that test has been graded and returned
- submitting the same paper or portions thereof for more than one assignment, without discussions with the instructors involved.

Many courses in the I. H. Asper School of Business require group projects. Students should be aware that group projects are subject to the same rules regarding academic misconduct. Because of the unique nature of group projects, all group members must exercise extraordinary care to insure that the group project does not violate the policy on Academic Integrity. Should a violation occur on a group project, all group members will be held jointly accountable, no matter what their individual level of involvement in the specific violation.

Some courses, while not requiring group projects, encourage students to work together in groups (or at least do not prohibit it) before submitting individual assignments. Students are encouraged to discuss this issue as it relates to academic integrity with their instructor to avoid violating this policy.

In the I. H. Asper School of Business, all suspected cases of academic misconduct involving a graduate student (i.e. MBA, MFin, MScM, MSc or PhD student) will be reported directly by the instructor to the Dean of the Faculty of Graduate Studies.

FACULTY BIOGRAPHY

I.H. Asper School of Business, The University of Manitoba

Alex Paseka

Associate Professor of Finance

Department of Accounting and Finance

I.H. Asper School of Business

Dr. Alex Paseka received his Ph.D. in Finance from University of Arizona. He taught at the University of Arizona before joining the Asper School of Business.

Dr. Alex Paseka has developed and taught a variety of finance courses at the Ph.D., Master, and undergraduate levels including International Finance, Corporate Finance, Investments, Options and Futures, Theory of Finance, Empirical Asset Pricing, Continuous-Time Finance, and Portfolio Management.

Dr. Alex Paseka does research in empirical and theoretical asset pricing, Bayesian econometrics, and asset pricing under incomplete information. He has published in *The Journal of Risk Finance*, *Financial Review*, *Journal of International Financial Markets, Institutions & Money*, *Journal of Mathematical Finance*, *Journal of Applied Statistical Science*, *Pacific-Basin Finance Journal* and others. His work appeared at numerous academic conferences including Northern Finance Association, Financial Management Association, Midwest Finance Association, Eastern Finance Association, Southwestern Finance Association annual meetings and many others. He has served as an ad hoc reviewer for several academic journals and conferences.