

**FIN 7192 (Go1/Ao1) (3.0 CH)
PORTFOLIO MANAGEMENT
SUMMER 2025**

TERRITORY ACKNOWLEDGEMENT

The University of Manitoba campuses are located on original lands of Anishinaabeg, Cree, Oji-Cree, Dakota and Dene peoples, and on the homeland of the Métis Nation. We respect the Treaties that were made on these territories, we acknowledge the harms and mistakes of the past, and we dedicate ourselves to move forward in partnership with Indigenous communities in a spirit of reconciliation and collaboration.

INSTRUCTOR

| | | | |
|--------|--------------------------|------------------|--------------------------|
| Name: | Alex Paseka | Office Location: | 474 Drake |
| Phone: | 204-474-8353 | Office Hours: | by appointment (on Zoom) |
| Fax: | 204-474-7545 | Class Room: | Drake 140 |
| Email: | alex.paseka@umanitoba.ca | Class Time: | MW 6:15pm-9:30pm |

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 a professional asset management career or planning to take the CFA exam may find this course useful. Pre-requisite: Graduate level FIN 7020 Corporate Finance.

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 theory and practice of performance evaluation
- Understand the use of derivatives for risk management

COURSE MATERIALS

Required Resources:

Lectures: lecture slides

Practice exams: practice midterm and final exam containing solutions to typical types of problems you should expect on both exams.

Practice exercises: a set of practice exercises with solutions.

All required resources will be posted on UMLearn.

Recommended Resources:

PM: *Portfolio Management in Practice, Volume 1: Investment Management* CFA Institute (2020), ISBN: 978-1-119-74372-9, Chapters 5-10,11-13,18,19

FI: *Fixed Income Analysis, 4th Edition*, CFA Institute (2019), ISBN: 978-1-119-62728-9, Chapters 12-14

D: Wendy L. Pirie, *Derivatives*, Wiley (2017), ISBN 978-1-119-38181-5, Chapters 6-9

Recommended Resources for those planning to take CFA exams:

2025 CFA Program Curriculum Level III Portfolio Management Pathway Box Set (ISBN: 978-1-394-31619-9; CAD \$299.99 hardcopy; CAD \$239.99 E-Book)

We will be covering material in the following volumes:

Core Curriculum

- Volume 1: **Asset Allocation (Modules 3-5)**
- Volume 2: **Portfolio Construction (Modules 1,2, and 6)**
- Volume 3: **Performance Measurement (Module 1)**
- Volume 4: **Derivatives And Risk Management (Modules 1-3)**

Portfolio Management

- Volume 1: **Portfolio Management Pathway (Modules 1-4)**
- Volume 2: **Portfolio Management Pathway (Module 1)**

COURSE ASSESSMENT

Student progress will be assessed through:

Midterm Exam30%

Group Assignment30%

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 on UMLearn via the Respondus Lockdown browser and Monitor (see

Technical Requirements for more details). The midterm exam will take place outside of the regular class on **July 13 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 %): Students are responsible for forming their own groups. The assignment is meant to be a learning experience and to help prepare students for CFA examinations. I will not accept late or hand-written projects. The projects are **due by 9 pm on July 31**.

FINAL EXAMINATION (40 %): The final examination will take place on **Friday, Aug 1, 2025, 6:00pm - 9:00pm**. The final exam will be an in-person three-hour closed-book examination (location: Drake 122). 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 absence from lectures may result in a failing grade. It is your responsibility to inform your professor, in advance if possible, of your absence and the reason for it:

- 1) if **medical**, self-declaration form must be submitted for an illness lasting 5 consecutive days or less <https://umanitoba.ca/governance/governing-documents-students#self-declaration-for-brief-or-temporary-student-absences>, no later than 48 hours after the end of the brief absence; a medical note from your physician must be submitted for an illness lasting more than 5 days;
- 2) if a **work commitment**, a signed letter on letterhead from your supervisor is required in advance, noting clearly the date(s) you must be away for your work commitment(s);
- 3) if for **student competitions**, an email from your Asper team coach must be received in advance indicating the dates you are away at competition.

The professor will then decide how to deal with the impact of the missed classes on your final grade.

TECHNICAL REQUIREMENTS

In the event health mandates or the instructor falling sick for an extended period require switching to remote delivery of classes, you will need a device enabled with a camera and microphone. Further, you will have to be in a location with a stable Internet connection that is strong enough for streaming video.

For quizzes/exams that will be administered via the Respondus Lockdown browser, you will need a device (computer or iPad; note that smartphones will not work. Chromebooks will work but are not recommended) with one of the following operating systems:

Windows: 11 and 10*

* Includes x86 32 and 64 bit processors, ARM 64 bit processors using x86 emulation including

CoPilot+PC devices.

* Windows 10/11 "S mode" is not a compatible operating system, nor can LockDown Browser be obtained via the Windows App Store. At present, support for Windows 10/11 "S Mode" isn't on the roadmap for LockDown Browser.

* Windows 10/11 "SE" is currently not a compatible operating system for LockDown Browser.

Mac: macOS 11 to 15.0+.

ChromeOS: LockDown Browser for Chromebook minimally requires the version of ChromeOS that Google makes available via their Long Term Support (LTS) channel. For more information, visit:

<https://chromereleases.googleblog.com/search/label/LTS>

Respondus recommends keeping your Chromebook updated to the most recent version that is available via Google's ChromeOS "Stable" channel:

<https://chromereleases.googleblog.com/search/label/stable>

iPadOS: 12.0+ (iPad only). Must have a compatible LMS integration.

LockDown Browser and Respondus Monitor may continue to run in older operating systems that have reached "end-of-life" but students may encounter unexpected results.

Memory

Windows: 2 GB RAM (A minimum 4gb of available RAM is necessary when using LockDown Browser to take an exam that also uses a webcam.)

Mac: 2 GB RAM (A minimum 4gb of available RAM is necessary when using LockDown Browser to take an exam that also uses a webcam.)

Hard Disk Space

Windows: 300 MB of free hard disk space

Mac: 400 MB of free hard disk space

If you do not have a laptop computer or one that meets the above specifications, please make sure you let your instructor know as soon as possible.

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 1-3: June 23,25,30 | Asset Allocation and Currency Management | PM: chapter 5-8 |
| Class 4-5: July 2,7 | Fixed Income Portfolio Management (FIPM) | PM: chapters 9,10 <u>or</u> FI: chapters 12,13 and 14 |
| Class 6: July 9 | FIPM Equity Portfolio Management | FI: chapters 12-14 PM: chapters 11-13 |
| Class 7: July 14 | Equity Portfolio Management | PM: chapters 11-13 |
| July 13, 6:00 pm – 8:00 pm | Online Midterm Exam (two hours) | Asset Allocation, Currency Management, FIPM |
| Class 8: July 16 | Evaluating Portfolio Performance Risk Management (Forwards and Futures) | PM: chapters 11-13,19 D: chapter 6 |
| Classes 9-11: July 21,23,28 | Applications of Options in Portfolio Management | D: chapters 7-9 |
| July 31, by 9 pm | Projects Due | |
| Friday, Aug 1, 2025 6:00pm - 9:00pm, Drake 122 | 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.

The following do not require REB approval:

- a) Projects where students are conducting the research on themselves during class time;
- b) Projects involving the use of records or information that is in the public domain, including the use of anonymous secondary data and surveys or questionnaires that have already been published;
- c) Projects involving the use of naturalistic observation where there is no reasonable expectation of privacy (i.e. public park).
- d) Practicum or job training projects where students are fully integrated into the organization's operational practices and are not conducting research;
- e) Projects where the intent is to use the information to provide advice, diagnosis, identification of appropriate interventions or general advice for a client;
- f) Projects where the intent is to develop skills which are standard practice within a profession (e.g. observation, assessment, intervention, evaluation, auditing); or
- g) Projects where the information gathering processes are part of the normal professional relationship between the student and the participants.

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 | Asper Graduate Student Resources |
| 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.

AI TOOLS

AI tools can be used to enhance learning and problem-solving skills, but they should not replace independent thinking and learning. Students must exercise critical thinking when using AI tools and acknowledge their use in academic work. Prohibited uses include generating or completing academic work with AI tools without appropriate

acknowledgement. Academic honesty is paramount, and students should accurately represent their individual effort and knowledge. Faculty will provide guidance on AI tool usage and incorporate discussions on AI ethics and academic integrity. Violations may lead to disciplinary actions, including academic penalties or suspension.

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 the 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.