



UNIVERSITY OF THE INCARNATE WORD

Extended Academic Programs

Term: UIW Online Summer 2 2016

Syllabus: PMBA 6321 Portfolio Management

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Office Hours: By appointment

Catalog description:

This course focuses on how to make decisions regarding investment mix and policy, how to match investments to objectives given risk preferences, and how to allocate funds among different asset classes. The portfolio management process, portfolio management theories, and capital market theory will be examined. Special emphasis will be placed on how to distribute capital between risky assets and the risk-free asset in order to construct an optimal risky portfolio. Hedging portfolio risk using derivative securities such as options, futures, and swap contracts will be covered. Students will also be introduced to techniques used to evaluate an investment portfolio's performance including measuring investment returns, the M2 measure of performance, the information ratio, Sharpe's ratio, the Treynor ratio, and Jensen's measure of portfolio performance. Finally, an introduction to the theory of active portfolio management will be provided.

Context:

Prerequisite: Principles of Macroeconomics (ECON 2301) or Principles of Microeconomics (ECON 2302).

Course overview:

Topics to be included / Teaching strategies / Technological skills development

- ✚ Topics include how to maximize portfolio return while minimizing risk, asset allocation decisions, portfolio performance evaluation, market timing, security selection, active portfolio management, multifactor models, and reducing risk using futures contracts and call and put options.
- ✚ In addition to the supplementing the text with lectures, student-centered, problem-based learning techniques including case studies, simulations, in-class activities, group work, and student presentations and/or facilitation of materials will be utilized.
- ✚ Students will develop tech-oriented investing skills using MS Excel Solver Add-In, MS-Excel Data Analysis Add-In, and HP 10BII financial calculator.

Text:

Elton, E. J., Brown, S. J., Gruber, M. J., and Goetzmann, W. N. (2014). *Modern Portfolio Theory and Investment Analysis*. Wiley ISBN: 9781118469941

Course outcomes: Upon completion of the course, students will be able to	Assessment: The objectives will be assessed
Make investment decisions based on asset performance on a stand-alone basis and in a portfolio context	By In class lectures, critical analysis questions, examinations, and student-centered learning activities
Evaluate portfolio performance using a combination of risk-return measurements	By In class lectures, critical analysis questions, examinations, and student-centered learning activities
Construct optimal risky portfolios using historical data on investments and MS Excel's Solver	By In class lectures, critical analysis questions, examinations, and student-centered learning activities
Minimize portfolio risk through the utilization of options, futures, and swap contracts	By In class lectures, critical analysis questions, examinations, and student-centered learning activities

Grading Activities, Criteria and Guidelines:

Assessment	Description	Weight
Problem Sets	After reading the text, each week you are to enhance your understanding	24%

	of the material by reviewing presentations for each chapter. You will then use this knowledge to solve problems. Problem sets will be comprised of either end-of-chapter problems and/or online Problem Sets. Answers to all questions must be submitted before midnight Sunday night. Since students have been provided with advanced notice of due dates for all assignments, late work is strongly discouraged. If for some reason a student has a valid excuse with documentation, late work will be accepted with a deduction up to, equal to, or greater than 15% per day. Further, in order to receive full credit for problems, please show your work when necessary. Finally, complete your work using MS Word or MS Excel.	
Case Study Analysis	Students will be assigned a case study to complete by the end of the course. Emphasis will be placed on the main problem being solved, key issues, and/or root causes. Students will be tasked with applying the appropriate analytical tools to case data, both quantitative and qualitative. For some cases, root cause analysis will be used to examine symptoms/key issues to derive alternative solutions mindful of the cause(s). Alternatives will then be critically examined leading to a final solution set. For other cases, the appropriate analytical tools will be used to choose among a set of currently existing alternatives. Finally, some cases will require a combination of both analytical approaches. Students will be provided a “case coach” and grading rubric to assist in constructing case study analyses.	16%
General Discussion	This consists of your weekly postings to our general discussion thread. Weekly threaded discussions have two objectives: 1) for students to discuss how key concepts can be applied in their organizations and 2) for students to discuss how key concepts are being applied in other organizations. Your grade will be based on the degree to which you demonstrate learning through <i>frequent</i> and <i>meaningful</i> discussion with your peers. In order to receive a passing grade, please post your initial response by midnight Wednesday night. Another good rule of thumb is to enter the boards at least three different days per week, and to make sure that you consistently engage your peers in sufficient detail. Threaded discussions must be completed each week before midnight Sunday night.	16%
Midterm Exam	Objective-type examination consisting of multiple choice questions, technical exercises and/or essay problems based over topics from the 1 st -half of the term.	20%
Final Exam	Objective-type examination consisting of multiple choice questions, technical exercises and/or essay problems over topics from the 2 nd -half of the term and select topics from the 1 st term.	24%
Total Grade		100%

Class Meeting Schedule/Matrix:

Each week you will notice a number in parenthesis. This is the Alternative Learning Equivalency for this course. It is an expectation for the minimum amount of time (hours) you will spend on each topic each week.

Week	Chapter Readings	Homework
1 6-27 to 7-3	Chapter 2: Financial Securities Chapter 3: Financial Markets	Presentation/Problems <ul style="list-style-type: none"> Review PPT for chapters 2 and 3 and answer critical analysis questions (3) Discussion <ul style="list-style-type: none"> Take part in Week One General Discussion (3)

		Problem Set: Due by midnight Sunday night
2 7-4 to 7-10	<p>Chapter 4: The Characteristics of the Opportunity Set under Risk</p> <p>Chapter 5: Delineating Efficient Portfolios</p> <p>Chapter 6: Techniques for Calculating the Efficient Frontier – AXE!</p>	<p>Presentation/Problems</p> <ul style="list-style-type: none"> Review PPT for chapters 4, 5, and 6 and answer critical analysis questions (3) <p>Discussion</p> <ul style="list-style-type: none"> Take part in Week Two General Discussion (3) <p>Problem Set: Due by midnight Sunday night</p>
3 7-11 to 7-17	<p>Chapter 7: The Correlation Structure of Security Returns—the Single-Index Model</p> <p>Chapter 8: The Correlation Structure of Security Returns—Multi-Index Models and Grouping Techniques</p> <p>Chapter 9: Simple Techniques for Determining the Efficient Frontier</p>	<p>Presentation/Problems</p> <ul style="list-style-type: none"> Review PPT for chapters 7, 8, and 9 and answer critical analysis questions (3) <p>Discussion</p> <ul style="list-style-type: none"> Take part in Week Three General Discussion (3) <p>Problem Set: Due by midnight Sunday night</p>
4 7-18 to 7-24	<p>Chapter 10: Estimating Expected Returns</p> <p>Chapter 11: How to Select among the Portfolios in the Opportunity Set</p> <p>Chapter 13: The Standard Capital Asset Pricing Model</p>	<p>Presentation/Problems</p> <ul style="list-style-type: none"> Review PPT for chapters 10, 11, and 13 and answer critical analysis questions (2) <p>Discussion</p> <ul style="list-style-type: none"> Case Study Analysis (1.5) Take part in Week Four General Discussion (2.5) <p>Problem Set: Due by midnight Sunday night</p> <p>Midterm Exam (Chapters 4, 5, 6, 7, 8, 9, 10, 11, and 13)</p>
5 7-25 to 7-31	<p>Chapter 16: The Arbitrage Pricing Model APT—A Multifactor Approach to Explaining Asset Prices</p> <p>Chapter 17: Efficient Markets</p> <p>Chapter 18: The Valuation Process</p> <p>Chapter 19: Earnings Estimation</p> <p>Nike Cost of Capital Case Study</p>	<p>Presentation/Problems</p> <ul style="list-style-type: none"> Review PPT for chapters 16, 17, 18, and 19 and answer critical analysis questions (2) <p>Discussion</p> <ul style="list-style-type: none"> Case Study Analysis (1.5) Take part in Week Five General Discussion (2.5) <p>Problem Set: Due by midnight Sunday night</p>
6 8-1 to 8-7	<p>Chapter 21: Interest Rate Theory and the Pricing of Bonds</p> <p>Chapter 22: The Management of Bond Portfolios</p> <p>Nike Cost of Capital Case Study</p>	<p>Presentation/Problems</p> <ul style="list-style-type: none"> Review PPT for chapters 15 and 16 and answer critical analysis questions (2) <p>Discussion</p> <ul style="list-style-type: none"> Case Study Analysis (1.5) Take part in Week Six General Discussion (2.5) <p>Problem Set: Due by midnight Sunday night</p>
7 8-8 to 8-14	Chapter 25: Mutual Funds	<p>Presentation/Problems</p> <ul style="list-style-type: none"> Review PPT for chapters 17 and 18 and answer critical

	Chapter 26: Evaluation of Portfolio Performance Chapter 27: Evaluation of Security Analysis Chapter 28: Portfolio Management Revisited Nike Cost of Capital Case Study	analysis questions (2) Discussion <ul style="list-style-type: none"> • Case Study Analysis (1.5) • Take part in Week Seven General Discussion (2.5) Problem Set: Due by midnight Sunday night
8 8-15 to 8-19	Chapter 23: Option Pricing Theory Chapter 24: The Valuation and Uses of Financial Futures Nike Cost of Capital Case Study	Presentation/Problems <ul style="list-style-type: none"> • Review PPT for chapters 19 and 20 and answer critical analysis questions (2) Discussion <ul style="list-style-type: none"> • Case Study Analysis (1.5) • Take part in Week Seven General Discussion (2.5) Problem Set: Due by 5pm Central Standard Time (CST) on Friday 8-19 Nike Cost of Capital Case Study: Due by 5pm Central Standard Time (CST) on Friday 8-19 Final Exam (Chapters 16, 17, 18, 19, 21, 22, 23, and 24) Note: Final exam must be completed by 5pm Central Standard Time (CST) on Friday 8-19

Technical Help:

Students that have forgotten a username or password need to contact the Help Desk: 210-829-2721 or helpdesk@uiwtx.edu. They are available 24/7/365 for this purpose. Other major issues will most likely have to wait until regular office hours.

Course Drops & Refunds:

IMPORTANT "DROP COURSE" INFORMATION: It is the student's responsibility to drop their course within the 100% refund period to avoid assessment of tuition and fees. There will not be a university-initiated drop for non-participation. If you do not plan to attend, you must drop your courses by Friday at 5pm of the first week of the term to be within the 100% refund period. Please submit your drop to <http://online.uiw.edu/course-drop-form>. A \$50 administrative fee is applied for all drops from courses offered through the Virtual University.

ARMY Students must drop their course(s) through GoArmyEd. All active duty military students do not get charged a drop fee.

Participation, Punctuality and Attendance: Requirements and Expectations

- Attendance: Abide by the UIW Attendance Policy as stated in the Catalog, page 92 (<http://www.uiw.edu/registrar/documents/uiw-ug-catalog-2013-2015--final-published-printed-version.pdf>).
- Participation in Virtual courses is expected three out of seven separate days.
- Participation in Hybrid courses is expected in class, and two out of seven separate days.
- Copies of homework, tests, exams, and e-mail communication: Save for your records.
- Assignments and Homework with due dates: Expected to be turned-in on time.

Academic Honesty Statement

(<http://www.uiw.edu/registrar/documents/uiw-ug-catalog-2013-2015--final-published-printed-version.pdf>, page 99). University of the Incarnate Word is strongly committed to the nurturing of academic excellence. The University expects its students to pursue and maintain truth, honesty, and personal integrity in their academic work. Academic dishonesty, in any form, constitutes a serious threat to the freedoms, which

define an academic community. The following definitions and guidelines have therefore been established to secure the maintenance of academic integrity at Incarnate Word. Forms of academic dishonesty include, but are not limited to:

- Cheating on tests, examinations, or other class or laboratory work.
- Plagiarism (appropriation of another's work and the unacknowledged incorporation of that work in one's own written work offered for credit).
- Counterfeit Work – including turning in as one's own, work which was created, researched, or produced by someone else.
- Falsification of Academic Records – knowingly and improperly changing grades on transcripts, grade sheets, electronic data sheets, class reports, projects, or other academically related documents.
- Unauthorized Reuse of Work – the turning in of the same work to more than one class without consent of the instructor involved constitutes academic dishonesty.
- Theft – unauthorized use or circulation of tests or answer sheets specifically prepared for a given course and as yet not used or publicly released by the instructor of a course, or theft of completed tests.
- Collusion – Involvement in Collusion -unauthorized collaboration with another to violate a provision of the Code of Academic Integrity.
- Facilitating Academic Dishonesty – intentionally or knowingly helping or attempting to help another to violate a provision of the Academic Integrity Policy of the University.

Student Disabilities Statement

The University of the Incarnate Word is committed to providing a supportive, challenging, diverse and integrated environment for all students. In accordance with Section 504 of the Rehabilitation Act – Subpart E and Title III of the American with Disabilities Act (ADA), the University ensures accessibility to its programs, services and activities for qualified students with documented disabilities.

For more information, contact the Student Disability Services office:

Location -- Administration Building, Room 105

Phone – (210) 829-3997 Fax – (210) 829-6078

www.uiw.edu/sds