

FINANCE 419-1

PORTFOLIO MANAGEMENT

Fall 2016

Time: TTh 1:00-2:15PM

Classroom: BEH218

Course Description: This course deals with the theory and practice of the portfolio management. While theoretical aspects of investment / portfolio analysis are highlighted, the emphasis is put on the practical exercises of the portfolio management. Topics include portfolio construction techniques, tactical asset allocation techniques, and portfolio performance evaluation. MS Excel spreadsheet program is extensively used as a tool.

Prerequisites: FIN 307 is a prerequisite for this class.

Contract: I view this course as your transition from college student to business professional. This course is assumed to be offered by the new investment management firm, GRBH Inc, owned by me. Consequently, I assume that by taking the course, you have convinced me that you are interested, motivated, and you are a real self-starter, enough so that I am persuaded to hire you. It means that you will be treated as an employee of mine during the semester. You should, therefore, remember at all times that we both have a responsibility. We have agreed to do a job to the best of our abilities. When an assignment is given to you, your failure to do it on time will result in severe losses for our firm. It goes without saying that your absences from class will also significantly reduce your productivity, adversely affect our company's performance. If you cause our firm to suffer significant losses, your grade salary will be automatically cut down. On the other hand, if you are a responsible employee, put forth your best effort, to your employer's standards, in making significant contributions to our firm, you will be rewarded with good grade compensation and I am willing to write a recommendation letter for your promotion to a more advanced position in real financial industry or academic institutions.

Course Objectives

This course, as a senior class, is designed to help students understand the basic portfolio management skills and techniques. By completing this course, students will be able

- to explain the role of portfolio managers..
- to set up quantitative models for passive and active management strategies
- to control risk factors
- to explain the differences and similarities between equity and fixed-income managements.
- to set up the investment objectives and their optimization algorithm in MS excel.
- To evaluate the investment performance

How to accomplish the objectives

The class will be carried out approximately 90% by lecture and 10% by student participation. The lecture is based on the selected topics provided in the lecture notes and handouts available at the instructor's home page:

faculty.unlv.edu/schoi.

There is one midterm exam and final exam. Your semester grade will be earned by the weighted average of the project and exam performances as follows.

Homework	(30%)	
Midterm	(30%)	Date: TBA 2 weeks before the exam date
Final Exam	(30%)	On the assigned final exam date by UNLV
Class participation	(10%)	

Final Examination—The University requires that final exams given at the end of a course occur at the time and on the day specified in the final exam schedule. See the schedule at: <http://www.unlv.edu/registrar/calendars>.

Students will have three short excel projects for presentation. Three project topics will be posted in the instructor's home page approximately one week before class discussion. All topics are technical aspects of strategic asset allocation, passive and active portfolio management and tactical asset allocation.

Homework assignments: Homework assignment are given from the end-of-chapter problems of the instructor lecture notes almost every week. In addition, any incomplete in-class Excel worksheet exercises are given as homework assignments. The assignment due date is provided in the instructor's home page.

Class materials and software:

This class does not use a specific textbook sold in the market. Instead, your instructor provides the lecture notes, excel templates and handouts in his home page at no charge. Students must download all materials from the instructor's home page.

We use the spreadsheet program, MS EXCEL, intensively to analyze and perform the technical and quantitative aspects of portfolio analysis. Therefore, all students should be able to bring their own laptops to class.

1. **Required Textbook:** Lecture Notes written by Dr. Seungmook Choi.
2. **Recommended Textbooks:** In the case student does not have an Investments textbook used in the prerequisite class of FIN307, your instructor recommends the following books as reference books available in the library.

- Investments, by Bodie, Kane and Marcus, McGraw-Hill
Essentials of Investments, Bodie, Kane and Marcus, McGraw-Hill
3. Required reading assignments: Students must read the assigned lecture notes in advance as scheduled below.
 4. Laptop computer (MS EXCEL installed)
 5. Handouts (to be downloaded from the instructor's home page, faculty.unlv.edu/schoi)

Performance Evaluation

Your semester grade will be based on the weighted average of all six categories as follows.

A	90 above
B+	87~90
B	80~87
C+	77~80
C	70~77
D	60~70
F	Below 60

Contents

- 1st week: Introduction/Indexation
- 2nd week: Investment companies and clients
- 3rd -4th week: Measurements of risk and return
- 5th week: Expected Utility theory
- 6th - 7th week: Asset allocation – One period model
- 8th week: Exam
- 9th week: Asset allocation – Multi period model
- 10th week: Passive management technique
- 11th week: Active management technique
- 12th week: Tactical Asset Allocation
- 13th week: Performance evaluation
- 14th week: Presentation
- 15th week: review

University Policy and Other Information

Academic Misconduct—Academic integrity is a legitimate concern for every member of the campus community; all share in upholding the fundamental values of honesty, trust, respect, fairness, responsibility and professionalism. By choosing to join the UNLV community, students accept the expectations of the Student Academic Misconduct Policy and are encouraged when faced with choices to always take the ethical path. Students enrolling in UNLV assume the obligation to conduct themselves in a manner compatible with UNLV's function as an educational institution.

An example of academic misconduct is plagiarism. Plagiarism is using the words or ideas of another, from the Internet or any source, without proper citation of the sources. See the *Student Academic Misconduct Policy* (approved December 9, 2005) located at:

<https://www.unlv.edu/studentconduct/student-conduct>.

Copyright—The University requires all members of the University Community to familiarize themselves **with** and to follow copyright and fair use requirements. **You are individually and solely responsible for violations of copyright and fair use laws. The university will neither protect nor defend you nor assume any responsibility for employee or student violations of fair use laws.** Violations of copyright laws could subject you to federal and state civil penalties and criminal liability, as well as disciplinary action under University policies. Additional information can be found at: <http://www.unlv.edu/provost/copyright>.

Disability Resource Center (DRC)—The UNLV Disability Resource Center (SSC-A 143, <http://drc.unlv.edu/>, 702-895-0866) provides resources for students with disabilities. If you feel that you have a disability, please make an appointment with a Disabilities Specialist at the DRC to discuss what options may be available to you. If you are registered with the UNLV Disability Resource Center, bring your Academic Accommodation Plan from the DRC to the instructor during office hours so that you may work together to develop strategies for implementing the accommodations to meet both your needs and the requirements of the course. Any information you provide is private and will be treated as such. To maintain the confidentiality of your request, please do not approach the instructor in front of others to discuss your accommodation needs.

Religious Holidays Policy—Any student missing class quizzes, examinations, or any other class or lab work because of observance of religious holidays shall be given an opportunity during that semester to make up missed work. The make-up will apply to the religious holiday absence only. It shall be the responsibility of the student to notify the instructor **within** the first 14 calendar days of the course for fall and spring courses (excepting modular courses), or **within** the first 7 calendar days of the course for summer and modular courses, of his or her intention to participate in religious holidays which do not fall on state holidays or periods of class recess. For additional information, please visit: <http://catalog.unlv.edu/content.php?catoid=6&navoid=531>.

Transparency in Learning and Teaching—The University encourages application of the transparency method of constructing assignments for student success. Please see these two links for further information:

<https://www.unlv.edu/provost/teachingandlearning>

<https://www.unlv.edu/provost/transparency>

Incomplete Grades—The grade of I—Incomplete—can be granted when a student has satisfactorily completed three-fourths of course work for that semester/session but for reason(s) beyond the student’s control, and acceptable to the instructor, cannot complete the last part of the course, and the instructor believes that the student can finish the course without repeating it. The incomplete work must be made up before the end of the following regular semester for undergraduate courses. Graduate students receiving “I” grades in 500-, 600-, or 700-level courses have up to one calendar year to complete the work, at the discretion of the instructor. If course requirements are not completed within the time indicated, a grade of F will be recorded and the GPA will be adjusted accordingly. Students who are fulfilling an Incomplete do not register for the course but make individual arrangements with the instructor who assigned the I grade.

Library—Students may consult with a librarian on research needs. For this class, the subject librarian is https://www.library.unlv.edu/contact/librarians_by_subject. UNLV Libraries provides resources to support students' access to information. Discovery, access, and use of information are vital skills for academic work and for successful post-college life. Access library resources and ask questions at <https://www.library.unlv.edu/>.

Tutoring and Coaching—The Academic Success Center (ASC) provides tutoring, academic success coaching and other academic assistance for all UNLV undergraduate students. For information regarding tutoring subjects, tutoring times, and other ASC programs and services, visit <http://www.unlv.edu/asc> or call 702-895-3177. The ASC building is located across from the Student Services Complex (SSC). Academic success coaching is located on the second floor of the SSC (ASC Coaching Spot). Drop-in tutoring is located on the second floor of the Lied Library and College of Engineering TEB second floor.

UNLV Writing Center—One-on-one or small group assistance with writing is available free of charge to UNLV students at the Writing Center, located in CDC-3-301. Although walk-in consultations are sometimes available, students with appointments will receive priority assistance. Appointments may be made in person or by calling 702-895-3908. The student's Rebel ID Card, a copy of the assignment (if possible), and two copies of any writing to be reviewed are requested for the consultation. More information can be found at: <http://writingcenter.unlv.edu/>.

Rebelmail—By policy, faculty and staff should e-mail students' Rebelmail accounts only. Rebelmail is UNLV's official e-mail system for students. It is one of the primary ways students receive official university communication such as information about deadlines, major campus events, and announcements. All UNLV students receive a Rebelmail account after they have been admitted to the university. Students' e-mail prefixes are listed on class rosters. The suffix is always @unlv.nevada.edu. **Emailing within WebCampus is acceptable.**

Final Examinations—The University requires that final exams given at the end of a course occur at the time and on the day specified in the final exam schedule. See the schedule at: <http://www.unlv.edu/registrar/calendars>.