



Academic Inquiries: Soochow University  
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Course Information	
Course Title : FIN504	Semester: July Session ,2020
<b>Portfolio Management</b>	
<p><b>Class Hours:</b> Monday through Friday, 180 minutes each day, for three weeks. At the end of each week there will be a one-hour discussion session; the Instructor will also be available by appointment.</p>	
<b>Discussion Section:</b> 1 hours each week	<b>Field Trip:</b> To be determined by the Instructor
Textbooks and Reference	
<p>Required Text:            Z. Bodie, A. Kane, and A. Marcus, <i>INVESTMENT &amp; PORTFOLIO MANAGEMENT</i>- 11<sup>th</sup> Edition (McGraw-Hill, 2018). ISBN: 9780077861674.            (Students may also use the 10th Edition as that will meet the needs of this course.)</p>	
Course Outcomes	
<ul style="list-style-type: none"> <li>• Comprehension of the major forms of financial investment, such as equities, bonds, commodities, gold, currency, real estate, collectibles, and alternative investment vehicles (among other forms).</li> <li>• Understanding of how investors manage their investments in terms of a portfolio of choices designed to maximize returns and minimize risk</li> <li>• Knowledge of modern portfolio theory and asset allocation</li> <li>• Knowledge of alternative investment vehicles such as derivatives, futures, options and their role in portfolio management</li> <li>• Understanding of the fundamental regulations and rules that govern investment and how these rules are converging across nations due to globalized capital flows</li> </ul>	
Course Description	
<p><i>Portfolio Management</i> is an advanced post-graduate business school course that assumes prior course work and knowledge about financial markets and investment theory (students without this may not enroll). Investors typically make choices among a variety of investment vehicles, so that risk and return can be balanced according to the investor’s risk profile. These various investments are then managed as a “portfolio” using modern asset allocation theory. Various allocation strategies will be explained and discussed. Additionally, the course will include quantitative analytical methods and tools appropriate to portfolio management, including modeling techniques. Prior student exposure to and knowledge of these tools, such as Excel, will be an advantage.</p>	

**Disclaimer:** Course schedule is subject to change and you will be responsible for abiding by any such changes.



Weekly Schedule		
Week	Day	Topic
1	1	Chapters 1-4: (SKIM CHAPTERS) - Review of investment fundamentals: The Investment Environment – Asset classes; how securities are traded; mutual funds and their role. Alternative investment classes.
	2	Chapters 5-6-7-8 (SKIM CHAPTERS) - Portfolio theory and practice; Risk and Return; Indexing investment Models
	3	Chapters 9-13: (SKIM CHAPTERS) – Investment theory; CAPM; efficient market theory. Behavioral finance vs. theoretical finance
	4	Chapters 14-23 (SKIM CHAPTERS) – Asset classes; valuation models; Alternative investment vehicles and their role in asset allocation
	5	Review of key concepts covered in Week 1 by the Instructor; group problem set assignment (details will be discussed in class at the start of the week).
	1	Chapters 24: Applied Portfolio Analysis - Optimal portfolios with one risky asset • Mean-variance utility • Leverage and the capital allocation line
	2	Optimal portfolios with two risky assets • Combining risky assets • Stock-bond example • Risk parity
	3	Optimal portfolios with many risky assets • Naive diversification • The minimum variance frontier
	4	CAPM and Factor models • Estimation error • The market model • The CAPM • 130/30 strategies
	5	<b>IN-CLASS MID-TERM EXAM TODAY</b>
	1	Evidence on the CAPM • The empirical security market line • Size, value, and momentum article • The Fama-French model
	2	Chapters 25-26: International investment diversification. Hedge funds and their role in portfolio management
	3	Chapter 27: Active portfolio management theory
	4	Course Review – led by the Instructor
	5	<b>IN-CLASS FINAL EXAM ADMINISTERED TODAY</b>

## Course Grading Requirements and Other Concerns

The course grade will be based on three problem sets, a midterm exam, a final, and your course participation. Your course grade will be determined using the following formula:

30% Group Problem Sets (three sets)  
25% Midterm Exam  
35% Final Exam  
10% Course Participation

= 100%

### Problem Sets

There are three problem sets that will be required for this course; details will be provided at the start of the term. These problem sets may be done in groups of up to three students (this group size will be determined by total enrollment for the course). I expect the groups to be unchanged for the length of the course. You may work individually, i.e., form a “group” of one, but it is recommended to work in a group. Failure to turn in a problem set results in a grade of zero for that problem set—but you will receive full credit if you complete the problem set regardless of whether your answer is “correct.” At the end of the semester all students will be allowed to submit a form evaluating the contributions of their teammates. Penalties will be assigned to a student only if there is a consensus that his or her contributions were significantly lower than those of the rest of the team.

### Exams

Both the Mid-Term and Final exams are closed book and closed notes. The final exam will be cumulative, though there will be greater emphasis on the second week and one-half of the course. Both the midterm and final grades are standardized (i.e. curved) using the mean and standard deviation from the class. Students experiencing medical and family emergencies will be given an opportunity to take a makeup exam; the makeup will occur after the regular exam and will differ from the original exam. The time of the makeup will be at my discretion, and I reserve the right to ask for documentation of all requests for this.

Upon completion of this course, you receive a final grade. A final grade is a letter grade that carries with it a numerical value, as outlined below.

Grade	Percentage
A	80-100
B	70-79
C	60-69
D	50-59
E	0-49

**To pass this subject, students are required to obtain Grade B or above in order to satisfy all the intended learning outcomes.**

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**Regrade Policy:** Requests for an exam (or problem set) regrade must be submitted in writing no later than two days following the day the item was returned. For the regrade request, please give your name(s) along with a brief summary of why you think the grading was in error. Note that the entire exam or assignment may be regraded, so any regrade request could result in a lower grade if I think I made errors.

I also ask that you **do not make video recordings** of my lectures, though **audio recordings** made for personal use only will be acceptable.

## **Class Participation**

Course participation is required, but full credit can be earned in several ways. One is by answering questions (or asking good questions) in class. Another is through punctual and consistent attendance in class sessions. However, do not equate “air time” with a good score for participation. Sometimes it is better to remain silent and let the instructor think you are dim, rather than speaking and confirming that view.

## **Students with Disabilities**

Any student requesting academic accommodations based on a disability is required to submit proper documentation of the condition, based on prevailing university policy. No waiver will be given without such documentation.

## **Statement on Academic Integrity**

The university seeks to maintain an optimal learning environment for all parties concerned. General principles of academic honesty will prevail; these include the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one’s own academic work from misuse by others as well as to avoid using another’s work as one’s own. All students are expected to understand and abide by these principles as they are described in the Student Conduct Code.

Should there be any suspicion of academic dishonesty, students will be referred to the appropriate authorities for further review. Penalties can range from a reprimand to dismissal from the program with no refund of any fees paid. Failure to adhere to the academic conduct standards set forth by these guidelines will not be tolerated by the University and can lead to severe consequences, both now and in the future, for any violators. Accordingly, take these warnings seriously!