

**FIN 7260 (A01) (3.0 CH)
PORTFOLIO MANAGEMENT
SUMMER 2021**

INSTRUCTOR

Name:	Alex Paseka	Office Location:	474 Drake
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Fax:	204-474-7545	Class Time:	Tue/Thur 6:15pm-9:30pm
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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+ (or Graduate level FIN 6070 Minimum Grade of C+ or Graduate level FIN 6072 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 – Masters of Finance

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 **MFIN 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 MFIN Program	Goals and Objectives Addressed in this Course	Course Item(s) Relevant to these Goals and Objectives
1	Proficiency in Asset Valuation: Knowledge and understanding of the principles, theories, and applications of asset valuation.		
	A. Demonstrate knowledge and ability to apply asset valuation models.	✓	Readings: Asset Allocation and Derivatives
	B. Demonstrate knowledge and ability to apply asset pricing models.	✓	Readings: Asset Allocation and Derivatives
2	Proficiency in Portfolio Construction and Management: Knowledge and understanding of the principles, theories, and applications of portfolio construction and management.		
	A. Demonstrate knowledge of theories and applications of asset allocation.	✓	Readings: Asset Allocation, Fixed Income Securities and Derivatives
	B. Demonstrate an understanding of the theories and approaches of risk management and its applications.	✓	Readings: Derivatives
	C. Demonstrate an understanding of financial markets, instruments, asset classes, and trading environment.	✓	Readings: Fixed Income Securities, Execution of Portfolio Decisions, Derivatives
	D. Demonstrate an ability to apply behavioural finance models in portfolio construction and management.		
3	Ethical Mindset: Consideration of ethical issues in financial analysis and management.		
	A. Demonstrate an understanding of the role of ethics in financial decision-making.		
	B. Demonstrate a knowledge of the CFA Institute’s <i>Code of Ethics</i> and the <i>Standards of Professional Conduct</i> .		
4	Communication Ability: Ability to communicate effectively and clearly, both verbally and in writing, in a professional context.		
	A. Communicate in a clear and concise manner.	✓	Project, Exam
	B. Communicate in a coherent and logical manner.	✓	Project, Exam

COURSE MATERIALS

Required Resources:

MIP: John L. Maginn et al. *Managing Investment Portfolios: A Dynamic Process*, 3rd Edition (2007), Wiley, Chapters 5-7, 10-12.

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

This course will be conducted “live” via videoconferencing using Zoom and will not involve in-person instruction. Classes will be held during the scheduled class time.

Since classes will be delivered synchronously via videoconferencing, a device enabled with a camera and microphone is required. Further, you are expected to be in a location with a reliable Internet connection that is strong enough for streaming video.

To join a session, you will just need to follow the link that I will supply in advance of the term. The link will be good for the entire term. You are expected to have your microphone muted and to unmute yourself only when you speak. Please note that all classes will be recorded.

For exams, which will be administered via the Respondus Lockdown browser and monitored via the Respondus Monitor, you will need a device (computer or iPad; smartphone will not work) with one of the following operating systems:

Windows 10, 8, or 7 (note: will not work with Windows 10S)

Mac OS 10.15 to 10.12, OS X 10.11, or OSX 10.10 iOS: 11.0+ (iPad only)

You will need the Chrome browser. Other browsers such as Safari may not work.

COURSE ASSESSMENT

Student progress will be assessed through:

Midterm Exam	30%
Group Assignment	30%
Final Exam	40%

Both the midterm and the final exams will be open book exams. You may use a financial calculator.

To protect the academic integrity of education at the Asper School, certain protocols will be observed for online exams. For instance, an exam may be broken into several pages and your ability to revisit previous pages may be restricted.

For exams, we will be using the university-approved Respondus Monitor, which will require you to have your camera and microphone on for the entire duration of the exam. As the software detects any

unusual movements, please sit in a location where there are no people/pets or other moving objects in the camera's view during the exam.

MIDTERM EXAMINATION (30 %): The midterm exam will be a two-hour open-book examination. The midterm exam will take place outside of the regular class time on **July 5 from 6:00pm to 8:00 pm**.

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 22**.

FINAL EXAMINATION (40 %): The final exam will be a three-hour open-book examination. The final exam will be cumulative, i.e., the test questions will span the entire course content.

Final grades are based on the student's weighted mark and performance relative to other students.

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) is 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	READINGS
Class 1-2: June 15-17	Asset Allocation	MIP: chapter 5
Class 3-4: June 22-24	Asset Allocation, Fixed Income Portfolio Management (FIPM)	MIP: chapters 5,6
Class 5: June 29	FIPM, Execution of Portfolio Decisions	MIP: chapters 6, 10
Class 6: July 6	Execution of Portfolio Decisions, Equity Portfolio Management	MIP: chapters 10, 7, 11
July 5, 6:00 pm – 8:00 pm	Midterm Exam (two hours)	MIP: chapters 5,6, and 10
Class 7: July 8	Equity Portfolio Management, Monitoring and Rebalancing, Evaluating Portfolio Performance	MIP: chapters 7, 11, 12
Class 8: July 9	Evaluating Portfolio Performance, Risk Management	MIP: chapter 12 D: chapter 6
Classes 9-11: July 14-21	Applications of Forwards, Futures, Options, and Swaps	D: chapters 7-9
July 22, by midnight	Projects Due	
TBA	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/human_ethics_REB_forms_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	MFIN Course Information
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 Behaviour

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 dishonesty in our academic transactions violates this trust. The University of Manitoba Graduate Calendar addresses the issue of academic dishonesty under the heading "Plagiarism and Cheating." Specifically, acts of academic dishonesty 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 dishonesty. 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 dishonesty involving a graduate student (i.e. MBA, MFIN, 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 Manitob

Alex Paseka

Assistant Professor of Finance
Department of Accounting and Finance
I.H. Asper School of Business

Dr. Alex Paseka is an assistant professor of Finance and received his Ph.D. in Finance in 2003 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 Mathematical Finance*, *Journal of Applied Statistical Science*, *Pacific-Basin Finance Journal* and others. His work has been presented at numerous academic conferences including Northern Finance Association, Financial Management Association, Midwest Finance Association, Eastern Finance Association, Southwestern Finance Association annual meetings and others. He has served as an ad hoc reviewer for a number of academic journals and conferences.