

Portfolio Analysis and Management
Lubin School of Business
Professor Niso Abuaf nabuaf@pace.edu

Course Description

This is an advanced, graduate level course in investments, portfolio analysis, and management. We will cover (1) fixed-income and equity securities, and the management of portfolios holding such securities; (2) derivatives markets and the pricing and uses of derivatives when managing risk; and (3) advanced portfolio management including international diversification, the debate about active vs. passive management, and alternative asset classes.

COURSE OUTLINE (Subject to Change)

The Reading Assignments Will Have an Average Velocity of About Two to Three Chapters per Week, with Some Variation Depending on the Difficulty of the Chapters and Other Circumstances

1. Fixed-Income Securities and Managing Bond Portfolios
 - a. Bond prices and yields (BKMCh14)
 - b. The term structure of interest rates (BKMCh15)
 - c. Managing bond portfolios (BKMCh16)
2. Equity Analysis
 - a. Macroeconomic and industry analysis (BKMCh17)
 - b. Equity valuation models (BKMCh18)
 - c. Financial statement analysis (BKMCh19)
3. Options, Futures, and Other Derivatives
 - a. Options markets (BKMCh20)
 - b. Option valuation (BKMCh21)
 - c. Futures markets (BKMCh22)
 - d. Futures, swaps, and risk management (BKMCh23)
4. Applied Portfolio Management
 - a. Portfolio performance evaluation (BKMCh24)
 - b. International diversification (BKMCh25)
 - c. Hedge funds (BKMCh26)
 - d. The theory of active portfolio management (BKMCh27)
 - e. Investment policy and the framework of the CFA institute (BKMCh28)

General Responsibilities

It is your responsibility to read, understand and abide by all of the course information and policies listed below. Failure to do so may result in your failing this course or being withdrawn from the course by your professor.

You are responsible for knowledge of any administrative announcement (test information, schedule changes, etc.) that are made at any time during scheduled class periods.

It is your responsibility to check the appropriate sources to establish the last day to withdraw. Note that a “W” is not automatic. Please check with the Department regarding policies pertaining to a “W,” or “WF.”

Course Description and Philosophy

1. To emphasize the pragmatic applications of theory. Dr. Abuaf, a former Chicago academic with close to 30 years of Wall Street experience will share his experiences with a wide array of his clients, and will encourage students to comment.

2. To emphasize action learning and cross learning from classmates, we will use case studies, and group projects in addition to lectures.

3. To familiarize students with macroeconomics, financial economics, the interaction of macroeconomics and financial markets, investment, behavioral finance and risk management concepts. Develop a clear understanding of modern portfolio theory and the functioning of fixed-income, equity, derivatives and alternative (hedge funds, private equity, etc) investment markets.

4. To analyze and discuss current macroeconomic and finance trends using sound economic and finance theories.

5. To help students synthesize the theory, the empirical evidence, market color and various other constraints in making pragmatic financial and investment management recommendations.

6. To have fun by discussing cases, news articles and events.

Course Requirements

1. **Blackboard.** All course announcements and related materials will be posted on the class website on **Blackboard:** <http://blackboard.pace.edu>. Students are required to periodically check the class announcements and course documents on **the Blackboard.**

2. **Textbook.** The textbook for the course is: Bodie, Kane, and Marcus (BKM), **Investments**, Ninth Edition, McGraw-Hill, 2011.

3. **Attendance and Class Participation.** Regular attendance is an important requirement for successful performance in this course and is **mandatory. I maintain the right to significantly downgrade and even fail you if your absence exceeds 15% of total class time. This statement supersedes the class participation percentage listed below.** You are responsible for knowing what occurs in class which may include material not covered in the readings, modifications to the syllabus and announcements concerning exams, homeworks and quizzes. You will also be expected to actively participate in classroom discussion and answer questions that are posed to you.

4. **Current Events.** Follow the current financial and economic events in the media. Get engaged with what is going on in the political, economic, and financial world around you. Try to read the Wall Street Journal, the New York Times, the Financial Times, Business Week, the Economist, Barron’s, and other financial and economic publications. Try to watch Bloomberg TV, or CNBC. Try to listen to Bloomberg radio. Bring your observations and thoughts to class, discuss them with your class mates and your professor.

5. **Quizzes.** There may be several in class, unannounced quizzes consisting of questions and problems similar to those covered in class and given as homework. Students could be also asked to explain their homework solutions in class. It is not as important to have a correct solution as it is to demonstrate that you have worked on your homework.

Grades and Grading

Homeworks.....	15%
Midterm	30%
Final Exam.....	40%
Class Participation and Individual Project.....	15%

The final exam will be comprehensive.

Grading will be based on a normal distribution curve and will follow **Lubin** guidelines. Please do not ask the professor for your grade. You will receive your grade through the regular channels.

Projects will be graded based on four criteria: Originality, Literature Survey and/or Relevance to the Current Environment, Use of Quantitative Methods, and Presentation. You should plan to start making your project presentations soon after the mid-term (around the seventh or eighth week). First presenters will receive bonus points (first mover advantage).

Honor Code

You are responsible for maintaining Pace University’s code of conduct which mandates zero tolerance for cheating and plagiarism. Violations of the code of conduct will be prosecuted with a minimum penalty of failure for the course, as required by code of conduct rules.

Reasonable Accommodations for Students with Disabilities

The University’s commitment to equal educational opportunities for students with disabilities includes providing reasonable accommodations for the needs of students with disabilities. To request an accommodation for a qualifying disability, a student must self-identify and register with the Coordinator of Disability Services for his or her campus. No one, including faculty, is authorized to evaluate the need and arrange for an accommodation except the Coordinator of Disability Services. Moreover, no one, including faculty, is authorized to contact the Coordinator of Disability Services on behalf of a student. For further information, please see Information for Students with Disabilities on the University’s web site.