6.10 Module 10 Portfolio Management

6.10.1 Headline information about the module

Module title	Portfolio Management
Module NFQ level (only if an NFQ level can be demonstrated)	9
Module number/reference	PGDAFM-PM
Parent programme(s) the plural arises if there are embedded programmes to be validated.	MSc in Accounting and Finance Management
Stage of parent programme	1
Semester (semester1/semester2 if applicable)	2
Module credit units (FET/HET/ECTS)	ECTS
Module credit number of units	5
List the teaching and learning modes	Full time, part time
Entry requirements (statement of knowledge, skill and competence)	Learners must hold an honours degree of at least a H22 standard in an accounting/finance related field or equivalent qualification from an approved tertiary or professional institution.
Pre-requisite module titles	Not applicable
Co-requisite module titles	Not applicable
Is this a capstone module? (Yes or No)	No
Specification of the qualifications (academic, pedagogical and professional/occupational) and experience required of staff (staff includes workplace personnel who are responsible for learners such as apprentices, trainees and learners in clinical placements)	Qualified to at least master's level in accounting, finance or business equivalent preferably with a professional accounting / finance qualification and a third level teaching qualification (e.g. Certificate in Training and Education).
Maximum number of learners per centre (or instance of the module)	60
Duration of the module	12 weeks
Average (over the duration of the module) of the contact hours per week	3
Module-specific physical resources and support required per centre (or instance of the module)	Normal lecture room with internet access and good-quality audio-visual equipment.

Analysis of required learning effort										
Effort while in contact with staff										
Classroom and demonstrations		Mentoring and small-group tutoring		Other (specify)		Directed e-learning (hours)	Independent learning (hours)	Other hours (specify)	Work-based learning hours of learning effort	Total effort (hours)
Hours	Minimum ratio teacher/learner	Hours	Minimum ratio teacher/learner	Hours	Minimum ratio teacher/learner					
24	1:60	12	1:20				89			125
Allocation of marks (within the module)										
				Continuous assessment		Supervised project	Proctored practical examination	Proctored written examination	Total	
Percentage contribution				50%				50%	**100%**	

6.10.2 Module aims and objectives

Portfolio management examines the continuous and systematic decision-making processes, which integrate several investment processes in a consistent manner to achieve the desired investment outcome. Its goal is to meet the underlying clients' needs after due consideration to all relevant investment objectives and constraints.

The module provides learners with a broad understanding of the portfolio management techniques used to plan, construct and execute an appropriate portfolio tailored to the underlying investor's needs. In addition, it considers the continued monitoring, rebalancing and evaluation of the portfolio to ensure that it remains consistent and appropriate for the investors' requirements.

The module demonstrates the practical application of modern portfolio management theory in achieving the desired outcomes of the individual investor by integrating the appropriate mix of assets, market expectation and investor policy.

6.10.3 Minimum intended module learning outcomes

On successful completion of this module, learners are able to:

(i) Identify and evaluate individual and institutional investment objectives and constraints to develop an appropriate investment policy statement for their specific requirements.

(ii) Demonstrate an understanding of the formation of capital markets expectations and the methods used to develop long term risk and return expectations of various asset classes.

(iii) Develop an appropriate asset allocation for the underlying client through the use of portfolio optimisation techniques.

(iv) Appreciate the order types, markets and related trade costs associated with portfolio execution decisions and the extent to which value can be added through the appropriate selection.

(v) Appreciate the necessary steps involved in monitoring the portfolio and the required steps to rebalance the portfolios composition.

(vi) Critically evaluate the performance of the managed portfolio through appropriate appraisal and attribution techniques.

6.10.4 Rationale for inclusion of the module in the programme and its contribution to the overall MIPLOs

The module develops the learner's knowledge of portfolio construction and management. It concentrates on the practical application of modern portfolio theory to develop a deep understanding of the relevant steps required throughout the portfolio management process. The module concentrates on the application of conceptual and technical knowledge to the planning, construction and monitoring of investment portfolios and cultivates the learner's technical and analytical skills in the complex field of investments.

6.10.5 Information provided to learners about the module

The Programme Handbook contains the module descriptor and assessment details. Extensive use of the VLE, Moodle, provides detailed notes and additional resources. In class, learners are provided with a PowerPoint pack and extensive reading list, incorporating professional and academic sources.

6.10.6 Module content, organisation and structure

Planning stage

- Assessment and interpretation of investment objectives, financial circumstance and investment constraints of both individual and institutional investors
- Demonstrate an understanding of the underlying client's requirement through the composition of investment policy statements

Portfolio Construction

- Develop Capital market expectations
  - Develop an understanding for a multitude of statistical forecasting methods including time series estimators, multifactor models, discounted cash flow models and Gordon Growth model to estimate expected returns for certain investment periods
  - Develop an understanding of economic activity and the direct link to future asset returns through business and inventory cycle analysis
  - Formulate the effects of monetary and fiscal policy on different asset classes and how they can affect expected returns
  - Understand the challenges and limitation of forecasting
- Asset allocation
  - Discuss the various asset classes available to a portfolio manager
  - Distinguish between the strategic asset allocation and tactical asset allocation
  - Establish an asset allocation that considers the investors risk and return objectives
  - Discuss asset only and asset liability management approaches to strategic asset allocation
- Portfolio Optimisation
  - Consider the Mean variance approach and Black Litterman approach to strategic asset allocation
  - Discuss CAPM and develop an understanding for the capital allocation line and security market line
- Asset allocation implementation and security selection
  - Consider passive versus active management, the role of international diversification and currency management in portfolios
  - Considerations in the selection process of indexed funds and active managers
  - Compare bottom up versus top down stock selection
  - Develop an understanding of style investment management; large cap v small cap, growth versus value

Portfolio Execution

- Understand the different order types available for the execution of portfolio decisions and evaluate the most appropriate
- Consider the different types of markets available to execute trades
- Assess the cost of trading and the impact (both explicit and implicit) it can have on portfolio performance

Monitoring and Evaluation Stage

- Monitoring the portfolio
  - Monitoring market and economic changes
  - Monitoring financial investment objectives, circumstances and constraints

- Rebalancing
  - Consider the most appropriate rebalancing methods and desired results
  - Understand the cost and benefits of rebalancing

- Performance Evaluation
  - Calculate the portfolios performance over multi time periods and compare and contrast money weighted and time weighted returns
  - Understand benchmark selection and their suitabilit

- Performance attribution and appraisal
  - Perform a portfolio attribution analysis to critically evaluate sources of returns and the manager's skills in delivering returns versus their selected benchmark
  - Develop an understanding for the Risk adjusted Performance Appraisal Measures - Jensen's alpha, Sharpe ratio, Information ratio, Treynor Measure, M^2

6.10.7 Module teaching and learning (including formative assessment) strategy

A range of delivery methods are adopted, including lectures, tutorials, case studies and in-class exercises using a range of professional and academic sources. These are designed to engage learners in the module content, and associated competencies that the programme team wishes learners to develop over the course of the module. Learners' guided independent reading and research is supported by use of Moodle to help prepare learners for their classes in addition to developing autonomous self-directed learners.

6.10.8 Work-based learning and practice-placement

There is no work-based learning on practice-placement within this module.

6.10.9 E-learning

E-learning supports are provided via the college's online learning environment, Moodle, including extensive library resources.

6.10.10 Module physical resource requirements

Normal lecture room with internet access and good-quality audio-visual equipment.

6.10.11 Reading lists and other information resources

Learners are provided with a Griffith College *Portfolio Management Manual*, updated annually by the lecturer(s).

Secondary Reading

Cuthbertson, K. and Dirk, N. (2009) *Investments: Spot and Derivatives Markets* Wiley: Hoboken.
DeFusco R.A., Pinto J.E., Runkle D.E. and McLeavey D.W (2015) *Quantitative Methods for Investment Analysis*, 3rd ed. Wiley: Hoboken.
Maginn, J.L., Tuttle, D.L., Pinto, D.W., McLeavey, J.E. (2007) *Managing Investment Portfolio: A Dynamic Process* 3rd ed. Wiley: Hoboken.
Reilly, F.K., and Brown K. C. (2018) *Investment Analysis and Portfolio Management* 11th ed. Cengage Learning: Boston.
Solnik, B., and McLeavey, D. (2009) *Global Investments*, 6th ed. Pearson: London.

6.10.12 Specifications for module staffing requirements

Lecturer(s) are qualified to at least master's level in accounting, finance or business equivalent preferably with a professional accounting / finance qualification and a third level teaching qualification (e.g. Certificate in Training and Education).

6.10.12 Module summative assessment strategy

The assignment for the module requires learners to undertake an in depth analysis of sovereign wealth funds to demonstrate their understanding of how portfolio managers establish investment objectives and execute investment strategies in the pursuit of superior returns. The end of semester examination will assess the learner's understanding of how a systematic decision process can deliver a successful investment outcome through the application of modern portfolio management theory.
The equal mark split allows the leaner to demonstrate a full understanding of the curriculum with the assignment providing time to fully analyse how portfolio managers act in practice.

The assessed work breakdown can be seen in the table below.

No	Description	MIMLOs	Weighting
1	Individual research based assignment	i, ii, iii, iv, v, vi	50%
2	Closed book exam	i, ii, iii, iv, v, vi	50%

6.10.13 Sample assessment materials

Please see Sample Assessment Handbook