

Subject				
Portfolio Management				
ECTS code	Semester	Faculty: Finance		
	1	Major: Finance and Accounting		
		Corporate Finance and Accounting		
Faculty:				
Lecture:				
Classes:				
System of studies:				
full time, second degree				
Subject status	Pass requirement	Number of contact hours		ECTS points
		Lectures	Classes	
core	exam	30	15	5
Teaching language				
English				
Subject provisions and objectives (including the expected can-do of students on completion of the course)				
Students after completing the subject should know the types and have an ability to analyze investment risk, should have knowledge about risk management, reducing investment risk and risk diversification, also about construction of investment portfolio under certain conditions and with selected optimization criteria. They should also have the ability to use derivatives in portfolio management and the knowledge of methods of portfolio performance evaluation.				
Teaching curriculum ( in case of prescribed subjects, compliance with the standards, maximum 15 topics)				
<div>1. Investments: Introduction</div> <div>2. Making Investment Decisions: The Expected Rate of Return and Risk Statistics</div> <div>3. Securities Valuation</div> <div>4. Diversification and Portfolio Analysis</div> <div>5. Markowitz Portfolio Analysis</div> <div>6. Stocks Portfolio Management</div> <div>7. Bonds Portfolio Management</div> <div>8. Simplified Model of Portfolio Analysis</div> <div>9. Capital Asset Pricing Model (CAPM)</div> <div>10. Efficient Markets Hypothesis</div> <div>11. Passive and Active Portfolio Management</div> <div>12. Derivatives in Portfolio Management</div> <div>13. Portfolio Performance Measures</div>				
Class topics (maximum 15 topics)				
<div>1. The Expected Rate of Return</div> <div>2. Statistical Risk Analysis</div> <div>3. Bond Valuation and Stock Valuation</div> <div>4. Diversification and Portfolio Analysis</div> <div>5. Stocks Portfolio: Construction and Management</div> <div>6. Bonds Portfolio: Construction and Management</div> <div>7. Portfolio Performance Measures</div>				

<b>Introductory topics</b>
Financial Mathematics, Financial Markets, Statistics
<b>Teaching methods</b>
Lecture, discussion, workshops
<b>Basic literature and Rother sources</b>
<p>Frank K. Reilly, Keith C. Brown, "Investment Analysis and Portfolio Management", The Dryden Press (last edition).</p> <p>Robert A. Haugen, "Modern Investment Theory", Prentice Hall, Inc. (last edition).</p> <p>Edwin J. Elton, Martin J. Gruber, "Modern Portfolio Theory and Investment Analysis", John Wiley &amp; Sons, Inc. (last edition).</p>
<b>Pass requirements for signature/examination</b>
More than 50% of points from the final exam and a group project
<b>Examples of questions for tests and examinations</b>
<ol style="list-style-type: none"> <li>1. Markowitz diversification: <ol style="list-style-type: none"> <li>A) may be defined as combining assets which are less than perfectly positively correlated,</li> <li>B) may be defined as combining assets which are perfectly positively correlated,</li> <li>C) can reduce risk more than simple diversification,</li> <li>D) concerns only negatively correlated assets.</li> </ol> </li> <li>2. Treynor's index of portfolio performance: <ol style="list-style-type: none"> <li>A) is the ratio of risk premium to total risk,</li> <li>B) is the ratio of risk premium to systematic risk,</li> <li>C) is the ratio of risk-free interest rate to systematic risk,</li> <li>D) is the ratio of covariance of share with the market to beta coefficient of this share.</li> </ol> </li> </ol>