

Portfolio Management

(part of Fundamental CIP®, Candidate CIP®, CIP®)

This course is ideal for those who wish to update or increase their knowledge about Portfolio Management. The learning concept couples directly the theoretical knowledge with the daily practice. In addition, this course forms part of the CIP program.

Training Method

- Prior to the 1-day course, the participant will receive some study materials. In order to be able to participate at the fullest during the course and to achieve optimum results, the participant is required to study these materials before the course starts;
- After a 1-day intensive course where theory is illustrated with practical examples and current events, from the perspective learning-by-doing, the participant will study some real-life cases and review the results directly with the trainer;
- The course is ended with an exam. Once the participant passes the exam, he/she will receive the CIP certificate for Portfolio Management.

Topics

During the course Portfolio Management the following topics will be treated:

- **A short summary of the main asset categories:**
 - What is a share? Types of shares;
 - What is a bond? Types of bonds;
 - What are alternative investments? Types of alternative investments.
- **How is the share price set? Investment policy:**
 - The equilibrium theory;
 - Market efficiency;
 - Implications of market equilibrium;
 - Importance of investment methods;
 - Behavioral Finance.
- **The derivation of the risk profile (Lambda) and Modern Portfolio Theory (MPT):**
 - How to determine your risk profile;
 - Interaction between risk and return;
 - Return and risk over time (time diversification);
 - Return and risk between different investment forms;
 - Optimizing risk and return.
- **The Capital Asset Pricing Model (CAPM) and other pricing models:**
 - The most important equilibrium model dissected: the CAPM;
 - The Arbitrage Pricing Theory (APT);
 - The Fama & French-model.



- **Risk Management:**
 - The investment plan;
 - Risk standards;
 - Risk-return standards;
 - Important aspects in risk management.
- **Returns in an international environment:**
 - Conditions and restrictions in international investing;
 - The practice of international investing;
 - Currency hedging.
- **Strategic asset allocation and duration:**
 - The famous research of Brinson, Hood & Beebower;
 - Types of asset allocation;
 - Other important investment decisions;
 - Duration;
 - Introduction of Asset & Liabilities Management (ALM).
- **Tactical asset allocation:**
 - Types of tactical asset allocation;
 - The Construction of a Global Tactical Asset Allocation model (GTAA-model);
 - Sector or a country-based approach;
 - Top-down or bottom-up?
- **The theoretical valuation of equities:**
 - Nominal value;
 - Intrinsic value;
 - Returns-based value;
 - Liquidation value;
 - The returns-based value: the Dividend Discount Model;
 - Premiums for equities risk.
- **Equity returns in practice:**
 - Again the well-known pricing models;
 - Market anomalies;
 - Well-known quantitative models;
 - Different investment styles;
 - Returns with different styles;
 - Style timing, style indexes and style consistency?
- **Bonds:**
 - Again interest rates;
 - Inflation;
 - The term structure of interest rates;
 - Other sources of risk;
 - Duration timing;



- Yield curve positioning;
- Instrument selection;
- Sector allocation;
- Country and currency allocation;
- 'Laddering'.

- **Real Estate:**
 - Real estate investing;
 - Basis for valuation and determination of returns;
 - Risk sources;
 - Risk diversification;
 - Optimal investment portfolio.

- **Commodities:**
 - Risk and return;
 - Historical returns of commodity indexes;
 - Returns of commodity futures;
 - Risk factors;
 - Commodities and strategic allocation;
 - Commodities and tactical allocation.

- **Hedge Funds:**
 - Definition and hedge funds styles;
 - Why hedge funds are interesting;
 - Returns explaining factors of hedge funds;
 - Too good to be true?;
 - Hedge funds and asset allocation.

- **Private equity:**
 - Start-up phase;
 - Growth phase;
 - Special situations;
 - Risk and return;
 - In-depth investigation;
 - Valuation.

- **Fund managers selection:**
 - Beating the market;
 - Selecting good managers yourself;
 - Important performance factors;
 - Other selection criteria.

Results

After completion of the course Portfolio Management, the participant will be able to:

- ✓ Understand the functioning of the six most important asset categories;
- ✓ Comprehend how adding each asset category of the six, influences a portfolio in terms of risk and return;
- ✓ Understand the risk-return relationship;
- ✓ Comprehend the basics of Modern Portfolio Theory;
- ✓ Understand the meaning of subjects like strategic asset allocation, tactical asset allocation, timing, stock picking and the costs of return in the long run;
- ✓ Identify the pros and cons of investing abroad;
- ✓ Identify the pros and cons of hedging currency risk due to investing abroad;
- ✓ Explain how risk can be reduced by diversification between different asset categories, but also by diversification in time or in trading;
- ✓ Understand that risk is not a one-dimensional aspect;
- ✓ Comprehend the fact that there are several ways to determine whether a sufficient return was made in relation to the risk the position was exposed to;
- ✓ Identify the most important methods of valuing equities;
- ✓ Identify the most important methods of valuing bonds;
- ✓ Understand the difference between the more theoretical equilibrium models and the more practice oriented pricing models;
- ✓ Comprehend the most important variables to determine whether an investor (fund manager) is a good performer or a bad performer.

Course Particulars

The course materials of Portfolio Management are offered in the English language. The relevant material will also be available in English. Classroom training can be offered in Dutch and English language (on request).

Literature

Reader Portfolio Management (2014), 244 pages, Presentation sheets, Answers to questions in the Presentation sheets

Study, time and preparation:

- | | Hours |
|---------------------------------|--------------|
| • Preparation (indication) | 4 - 8 |
| • Course 1 x 8 hours* | 8 |
| • Exam preparation (indication) | 8 |
| • Exam | 1 |

Total

25 hours

*Optional

This workload equals **1,5 European Credits (EC)**.

Note: this time depends on the experience of the participant and is therefore only an indication.



Costs

Study material costs are € 325 (ex VAT) per person for the study materials and 1 exam. Classroom costs are € 350 (ex VAT) per person. Re-examination costs per module is € 75,-.

In-company training for this course is also available for groups from 5 up to 20 people, please contact us for further information.

For information on costs for the complete CIP programs please see our special 'Product Suite CIP' leaflet or check the website: www.foundationcip.com