

MODULE SPECIFICATION

Code: UMACRN-15-M **Title:** Fund Management **Version:** 1
Level: M **UWE credit rating:** 15 **ECTS credit rating:** 7.5
Module type: Standard
Owning Faculty: FBL **Field:** Accounting and Finance
Valid from: 1 September 2008 **Discontinued from:**
Contributes towards: MSc Finance
Pre-requisites: None
Co-requisites: None
Excluded combinations: None

Aim of module

- The module aims to equip students with the necessary tools and fundamental techniques in modern finance theory and their applications to fund management.
- Students learn the foundations of passive and active asset management, and develop their ability to assess the performance of various portfolio strategies.
- The module develops students' expertise in the valuation and use of derivatives such as options, futures and swaps.
- It offers students the opportunity to review some of the empirical academic literature studying current issues in portfolio management.

Learning outcomes

On successful completion of this module students will be able to:

- Understand the key features and characteristics of a variety of investment funds. (A, B)
- Understand the trade-off between risk and return and estimate risks and returns of financial assets from market data. (A,B)
- Critically review and discuss research results generated in the finance literature. (B)
- Produce written and verbal accounts on a decision process involving a multitude of choices and isolate the key features of such a process. (B)
- Appreciate the international dimension of fund management. (A, B)
- Apply a range of portfolio optimisation techniques to aid fund managers. (B)
- Distinguish between various classes of assets and their role in the construction of portfolios. (A, B)
- Contribute to the debate regarding active and passive asset management. (B)
- Find optimal portfolio weights using spreadsheet software. (B)

In addition the educational experience may explore, develop, and practise the following:

- Use IT resources to obtain data, written reports and research articles.
- Work as a team member, and communicate ideas and offer arguments in a clear and concise manner.

Syllabus outline

Financial market structure, financial intermediation and market participants
Types of investment funds: Life/Pension/Hedge Funds, Unit/Investment Trusts and other types
Financial Instruments: Fixed income securities, equity securities, and financial derivatives
Risky assets and their risk-return characteristics
Optimal portfolio construction

Asset pricing models in portfolio management
Fund management styles and trading strategies
Portfolio performance measurement
Portfolio risk management
International diversification
Market efficiency and behavioural finance

Teaching and learning methods

One of the aims of the module is to bridge the gap between the theory and the practice of fund management. To this end, students will be given real-life examples to help them grasp the various theoretical concepts developed in this module. Students will be encouraged to critically assess the various theoretical and empirical findings. They will also be encouraged to approach the issue of fund management from an investor's point of view as well as from a fund manager's point of view. The teaching methods will be centred primarily on one 2-hour lecture and one 1-hour practical class per week. The practical class will include tutorials and group seminars for the discussion and presentation of group projects. Hand-outs containing summaries of lectures will be distributed to students to help them read the more detailed textbooks.

Reading Strategy

- A full range of printed and electronic resources are available through the University Library facilities. Students will be encouraged to exploit fully these resources.
- The core text will be: Reilly, F.K., and K.C. Brown, 2006, *Investment Analysis and Portfolio Management*, 8th ed., Thomson South-Western. Subject to confirmation in Module handbook. Students will be expected to purchase the set text.
- Students will be actively encouraged to expand their knowledge and understanding through additional reading. Indicative sources of further reading include:
 - Elton, E J, Gruber, M J, Brown, S J, and Goetzmann, W N, 2003, *Modern Portfolio Theory and Investment Analysis*, Wiley.
 - Levy, H. and Post T., 2005, *Investments*, Prentice Hall.
 - Russel, Ray, 2006, *An Introduction to Fund Management*, 3rd ed., Wiley.
- The textbook will be supplemented with specific references to articles in academic and professional journals such as *Journal of Portfolio Management*, *Financial Analyst Journal*, and *Journal of Business Finance and Accounting*. Some topics may not be covered by the core textbooks. In such cases supplemental reading will be given in the form of more detailed hand-outs as well as references to additional textbooks.

Assessment

- The module will be assessed by means of an unseen written exam (70%) and a written coursework assessment (30%). These two forms of assessment address most of the expected learning outcomes. However, the written examination focuses on the cognitive and subject specific skills, while the coursework puts more emphasis on the transferable skills.
- Formative feedback (non-assessed) will be given to group assignments during and after presentation (when applicable). Individual students are expected to attempt to answer practical and theoretical questions most of the weeks. Formative feedback will also be provided to these.
- The assessment criteria for the coursework assignment (and how they relate to the stated learning outcomes) will be communicated to students when they are notified of the topic. The criteria for assessment of the examination scripts will be documented and agreed with the External Examiner.

Percentage split
Weighting between components A (controlled component) and B

A: 70% B: 30%

ATTEMPT 1

First Assessment Opportunity

Component A

Description of each element

1 2 hour exam written exam

Element weighting
100%

Component B

Description of each element

1 Coursework assignment (2000 words)

Element weighting
100%

Second Assessment Opportunity (further attendance at taught classes is not required)

Component A

Description of each element

1 2 hour written exam

Element weighting
100%

Component B

Description of each element

1 Coursework assignment (2000 words)

Element weighting
100%

ATTEMPT 2 (OR SUBSEQUENT): Attendance at taught classes is required