
INVESTMENTS AND PORTFOLIO ANALYSIS

Master in Management MIM-EN SEP-2024 S-FI

Area Finance

Number of sessions: 15

Term: Concentration Term

Category: regular

Language: English

Professor: **CARLOS DE ANDRES CAMPOS**

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CV

Academic Background

- CFA Charterholder, Chartered Financial Analyst Institute. 2013-2015
- MBA, IE Business School. 2013
- EFFAS Certified ESG Analyst (CESGA®). 2021
- Private Banking & Financial Advisor Specialist - Instituto de Estudios Bursátiles (IEB). 2012
- Bachelor in Business Administration, Universidad de Alcalá de Henares 2004

Academic Experience

- Professor, CFA Institute Spain. Levels I and II: Instituto de Estudios Bursátiles (IEB) & CUNEF & Afi & Universidad Politécnica Madrid & Universidad Complutense & Instituto de Estudios Financieros
- Academic Director at IEB of the preparation program for CFA Level 2 - "In-Company Program"
- Lecturer at Executive Private Banking Program at Banco Santander. "Investment Funds Analysis"
- Adjunct Professor, IE Business School

Corporate Experience

- Director - WisdomTree Europe
- Senior Sales at DWS, 2017 -2022
- Advisory Department | Investment Products Risk Analyst | Interest Rate Swaps controller. Investment Center at Deutsche Bank, 2014 to 2017
- Financial advisor at Deutsche Bank and Banco de Valencia (Caixabank) 2008-2014
- Grader at CFA Institute Research Challenge 2016

Office Hours

Office hours will be on request. Please contact at:

cdeandres@faculty.ie.edu

SUBJECT DESCRIPTION

Close your eyes for a while and imagine that you are responsible for managing the savings of a loved one, all the savings of your life...cool !! You begin with your new challenging task but you realize that what initially was something to be proud of, is now becoming a nightmare. Hundreds of questions come into your head: what assets to select?, what proportion of each of them?, and above all, is it the right moment to invest in each of them...? too many questions... For a while you think "perhaps it would be better to give that responsibility to an asset manager", but then new questions arise: which asset manager is able to add value to your assets? Suddenly reading the FT you find one who has outperformed the market over the last 2 years, you want to choose him but then you wonder: was the asset manager's outperformance a matter of luck or skill?

Open your eyes, fortunately you are studying the right course at IE Business School with which you will find the answers to all these questions.

Why this course? Regardless of the place you want to develop your professional career, you surely will save some money that you want (and need!!) to invest. Perhaps is not your own money but the savings that your loved ones have saved along their lives. It is said that 90% of non institutional investors lose money in stock markets. This course we will help you to identify the most common investors mistakes, to get the basic principles of investing and to know the few (but critical) issues that you must know in order to have these investments under control

LEARNING OBJECTIVES

After the course you will learn:

1. Solid understanding of today's investment alternatives
2. The role of the **investment policy statement** in the portfolio management process
3. Learn the importance of **asset allocation** and how it can be implemented with **active and passive strategies**
4. Portfolio management strategies, specially **equity and fixed income strategies**
5. Understand **behavioural finance** and how emotional biases may influence individuals' perceptions and investment decisions.
6. Understand the importance of setting **capital market expectations** that maximize expected return considering different levels of risk.
7. Improve your ability to **evaluate portfolio managers** and the suitability of different investments strategies
8. Calculate and **interpret most important risk-adjusted performance measures**: alpha, information ratio, Treynor measure, Sharpe ratio
9. How value added by active management is measured and identify the **sources of this value added**

10. Understand the reasons why **ESG investing** (environmental, social, and governance factors) is becoming more and more important.

TEACHING METHODOLOGY

IE University teaching method is defined by its collaborative, active, and applied nature. Students actively participate in the whole process to build their knowledge and sharpen their skills. Professor's main role is to lead and guide students to achieve the learning objectives of the course. This is done by engaging in a diverse range of teaching techniques and different types of learning activities such as the following:

Learning Activity	Weighting
Discussions	20.0 %
Group work	30.0 %
Individual studying	50.0 %
TOTAL	100.0 %

AI POLICY

In today's world, generative artificial intelligence (GenAI) is changing how we work, study and, in general, how we get things done. However, in the context of this course, the use of GenAI is not permitted, unless it is otherwise stated by the instructor. The use of GenAI tools would jeopardize the students' ability to acquire fundamental knowledge or skills of this course.

If a student is found to have used AI-generated content for any form of assessment, it will be considered academic misconduct, and the student might fail the respective assignment or the course.

PROGRAM

SESSION 1 (LIVE IN-PERSON)

- Introduction to the course. Let's begin with a warm up checking concepts that we will use along the course. Then we will move to a role-playing practice that will allow us to identify the most critical issues in the investment process. Once we identify them, the course can begin. Are you ready?

- Describing the portfolio management process and an **IPS (investment policy statements)**: a simple guide to do the things correctly.

- Steps of the portfolio management process
- What is the role of the IPS?
- Main elements that form the IPS: objectives and constraints

Own Material: Slides. Introduction campus - Session 1

Book Chapters: Bodie, Kane and Marcus. Bodie, Kane and Marcus. Investments, 10th Edition - Chapter 28. Investment Policy (See Bibliography)

Own Material: Practical case: Who is Mr. X

SESSION 2 (LIVE IN-PERSON)

- Introduction to the course. Let's begin with a warm up checking concepts that we will use along the course. Then we will move to a role-playing practice that will allow us to identify the most critical issues in the investment process. Once we identify them, the course can begin. Are you ready?

- Describing the portfolio management process and an **IPS (investment policy statements)**: a simple guide to do the things correctly.

- Steps of the portfolio management process
- What is the role of the IPS?
- Main elements that form the IPS: objectives and constraints

Own Material: Slides IPS - Session 2

Own Material: Practical case: Who is Mr.X

SESSION 3 (LIVE IN-PERSON)

Behavioral Finance: the enemy is within you

“Be fearful when others are greedy and greedy when others are fearful” Warren Buffet.

This session illustrates how feelings lead to irrational behavior and how these irrational behaviors impact in our investments decisions and realized return.

- Behaviour gap: the difference between the investment return Vs investor’s return
- Cognitive errors and emotional biases
- How to overcome behavioural biases in the Investment Policy Statement

Own Material: Slides. Behavioral Finance

Book Chapters: Bodie, Kane and Marcus. Bodie, Kane and Marcus. Investments, 10th Edition - Chapter 28. Investment Policy (See Bibliography)

Practical Case: Behavioral Finance at JP Morgan (HBS 207084-PDF-ENG)

SESSION 4 (LIVE IN-PERSON)

Capital Market Expectations

In this session we cover some tools and techniques useful in forming capital market expectations to determine the attractiveness of different investments

- Macro and Micro market expectations
- Phases of the business cycle and tools to handle them
- Implications of the phase for bonds and equity securities
- Economic Indicators used to infer “where” we are

Own Material: Slides CME

SESSION 5 (LIVE IN-PERSON)

Asset Allocation: combining the IPS with the market expectations

- How to implement it? Active Vs Passive approach: factors to consider to make the right decision
- Tactical Asset Allocation: exploiting short-term opportunities to enhance return
- Rebalancing portfolios: why/how to do it?
- Understand and apply the Markowitz Portfolio Theory
- Analyse the effect of diversification

Own Material: Slides. Asset Allocation - Sessions 5

Book Chapters: Bodie, Kane and Marcus. Bodie, Kane and Marcus. Investments, 10th Edition - Chapter 7. Optimal Risky Portfolios (See Bibliography)

Own Material: The Great Fund

SESSION 6 (LIVE IN-PERSON)

Equity strategies. Stocks play a critical role in portfolios. We will cover the most important strategies and peculiarities of each of them.

- Active Vs Passive: factors that determine the strategy
- Passive investments approaches: full replication, stratified sampling and optimization
- Active investment strategies: fundamental Vs quantitative, factor-based strategies, activist strategies, long/short strategies and market neutral
- The concept of active share: are we paying fair commissions?
- How to identify well-constructed portfolios

Own Material: Slides. Equity. Active Investing

SESSION 7 (LIVE IN-PERSON)

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- Passive investments approaches: full replication, stratified sampling and optimization
- Active investment strategies: fundamental Vs quantitative, factor-based strategies, activist strategies, long/short strategies and market neutral
- The concept of active share: are we paying fair commissions?
- How to identify well-constructed portfolios

Practical Case: Identifying equity strategies in the real world Part (will be provided by the professor)

Own Material: Slides Technical Analysis 2021

SESSION 8 (LIVE IN-PERSON)

Technical Analysis: everything is already reflected in the price....

Should we invest in a company with good fundamentals but whose price never stops dropping? are necessarily "good companies good investments"? Don't ignore "the market sentiment"..

- Principles of Technical Analysis
- How to exploit it? the importance of identifying trends, support, resistance levels
- Common chart patterns

SESSION 9 (LIVE IN-PERSON)

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- Principles of Technical Analysis
- How to exploit it? the importance of identifying trends, support, resistance levels
- Common chart patterns

Own Material: Slides. Analysis Tecn

Book Chapters: Bodie, Kane and Marcus. Bodie, Kane and Marcus. Investments, 10th Edition - Chapter 12. Technical Analysis and Behavioral Finance (See Bibliography)

Practical Case: Practice by groups: "Identifying chart patterns in the current market environment" (will be provided by the professor)

SESSION 10 (LIVE IN-PERSON)

Practice

SESSION 11 (LIVE IN-PERSON)

Fixed Income strategies

- How to invest and measure bond's risks?
- Fixed Income Strategies: yield curve and credit strategies
- How to make money in low interest rates environment

Own Material: Slides. Fixed Income

SESSION 12 (LIVE IN-PERSON)

Mutual Funds & Alternative Investments.

This session will allow you to get more insight of mutual funds as an investment tool.

- Main advantages of investing in mutual funds
- Fund analysis with Morningstar
- Different classification of mutual funds

We will focus on analysing the reasons why Alternative Investments are an essential component in portfolios

- Alternative investments with traditional investments
- Main characteristics of Alternatives Investments Different categories: hedge funds, real estate, commodities, infrastructure, private equity

Own Material: Slides. Alternat Inv. & Mutual Funds

Book Chapters: Bodie, Kane and Marcus. Bodie, Kane and Marcus. Investments, 10th Edition - Chapter 4. Mutual Funds and Other Investment Companies (See Bibliography)

Own Material: Slides. Alternative Investments

SESSION 13 (LIVE IN-PERSON)

Linking all the pieces of the puzzle.

Groups will have to prepare (and present to the rest of the class) a case that includes: developing an IPS, Capital Market Expectations and an asset allocation proposal, including the selection of mutual funds/other vehicles to implement it.

This practice will be considered for the final grade.

SESSION 14 (LIVE IN-PERSON)

Linking all the pieces of the puzzle.

Groups will have to prepare (and present to the rest of the class) a case that includes: developing an IPS, Capital Market Expectations and an asset allocation proposal, including the selection of mutual funds/other vehicles to implement it.

This practice will be considered for the final grade.

SESSION 15 (LIVE IN-PERSON)

Final exam

EVALUATION CRITERIA

criteria	percentage	Learning Objectives	Comments
Class Participation	20 %		Individual
Final work	30 %		group
Final Exam	50 %		individual

FAILING GRADE AND REASSESSMENT

When students receive a Fail in a course, they have the opportunity to present themselves for reassessment in order to earn the necessary credits toward graduation.

The reassessment of students should be scheduled between 5 and 10 working days after the review session takes place.

Grades for the reassessment are limited to a Low Pass and Fail.

Both, the initial Fail as well as the grade of the reassessment remain on the transcript. For the purpose of calculating the GPA however, only the grade of the reassessment is to be considered. Students receiving a failing grade in the reassessment of a course will not be able to continue in the program.

BIBLIOGRAPHY

Recommended

- Bodie, Kane and Marcus. *Bodie, Kane and Marcus. Investments, 10th Edition.* McGraw Hill. *Mutual Funds and Other Investment Co.* ISBN 0077861671 (Digital)

BEHAVIOR RULES

Please, check the University's Code of Conduct [here](#). The Program Director may provide further indications.

ATTENDANCE POLICY

Please, check the University's Attendance Policy [here](#). The Program Director may provide further indications.

ETHICAL POLICY

Please, check the University's Ethics Code [here](#). The Program Director may provide further indications.