

MBA in Investment Management

5 Days

COURSE OVERVIEW

The last few years have seen a number of forces re-shaping the investment management industry internationally. Equity volatility, new fixed income products, the growth of hedge funds, commodities and real estate – to name but a few – have contributed to dynamic changes in investor preferences, investment styles and asset allocation. Traditional analytical frameworks and performance measures must now be used together with a new group of tools and metrics to interpret data, trends and performance in this new environment and for newer asset classes.

Join us for this **intensive 5-day** training course which will give you all the in-depth information you will need to advance your investing skills. On completion of the course you will be ready to implement your new skills into real-world investing activities, with the ultimate objective of increasing returns, reducing risks and attracting (and retaining) investors.

LEVEL

Managerial

WHAT WILL I GET OUT OF IT?

This 5-day intermediate program is designed to equip investment professionals with practical know-how of new approaches to, and new asset classes for, today's investment conditions.

- Devise asset allocation strategies for a post-credit crunch environment
- Alpha analysis and information ratios in theory and practice
- Learn and apply the principles of post-modern portfolio theory
- Construct superior equity portfolios using behavioural finance theory
- Reassess hedge fund investing in light of recent events
- Learn how to implement portable alpha strategies via practical applications
- Assess the opportunities offered by emerging alternative assets

WHO'S IT FOR?

- Portfolio/Fund/Asset Managers
- Investment Analysts/Advisors/Strategists
- Private Bankers/Investors
- Investment Heads
- Pension Funds/Trustee Managers
- Regulators, Auditors and Actuaries
- Securities Salesperson

COURSE CONTENT

Post-Modern Portfolio Theory (PMPT)

- Recap of capital asset pricing model and arbitrage pricing theory
- Problems with standard deviation as a measure of risk
- Foundations of PMPT
- Downside deviation and the Minimum Acceptable Return (MAR)
- Target rate of return and upside potential
- Practical applications of PMPT

Information Ratios and Opportunity Sets

- Information coefficient and manager skill
- Information ratio
- Fundamental law of active management
- Opportunity set and residual frontier

In Search of Alpha

- Defining alpha
- Ex-ante and ex-post alpha
- Sources of alpha
- Techniques for forecasting alpha
- Alpha and portfolio construction
- Alpha and residual risk

Asset Allocation Theory

- Components of expected return
- Forecasting asset class expected returns
- Covariance and correlation matrix
- How useful is correlation in today's environment?
- Building optimal portfolios
- Importance of benchmark and policy portfolio

Strategic and Tactical Asset Allocation – Constrained and Unconstrained

- Strategic, tactical, integrated and insured approaches
- The Yale Endowment Model
- Core/Satellite approaches
- Unconstrained approaches
- Tactical asset allocation, tactical style allocation and credit yield spreads

Asset Mix Rebalancing

- What is rebalancing and why do it?
- A comparison of different approaches to rebalancing
- Buy-and-hold
- Constant mix
- Constant Proportion Portfolio Insurance
- Option-Based Portfolio Insurance

Asset and Liability Issues

- Impact of liabilities on investment strategy
- Liabilities and funding strategy
- Current issues in asset/liability modeling

Dynamic Portfolio Approaches

- Dynamic portfolio analysis with assets and liabilities
- Developing a strategic benchmark in an asset/liability framework
- Portfolio optimization with drawdown constraints
- Global equity and bond investing
- Absolute vs. relative return decision
- Dynamic investment approaches
- Liability matching strategies – duration matching and cashflow matching
- Strategies with upside – dynamic contingent optimization and portable alpha
- Limiting the sponsor risk – absolute return and liability hedging
- Generating real returns – new asset classes and real alpha

Portable Alpha in Theory and Practice

- The components of a portable alpha strategy
- Alpha-beta separation
- Portable alpha and asset allocation
- Portable alpha in a world of low returns
- Portable alpha implementation

Introducing Behavioural Finance

- Efficient market hypothesis and behavioural finance
- What can behavioural finance teach us about investing?
- Systematic errors in investment thinking
- Limited arbitrage and investor sentiment
- Common behavioural finance traits:
 - Framing and coding
 - Over-confidence
 - Over-reaction bias
 - Myopic loss aversion

Style Allocation and Style Management

- Growth/value betas and alphas
- Extremes in growth and value stocks
- Growth/value barbell portfolios
- What drive style cycles
- Style and expectations formation in the equity markets

Performance Attribution and Analysis

- The skill/luck matrix
- Standard error of the information ratio
- Cross-sectional comparison performance
- Returns-based performance analysis
- Components of investment performance
- Performance attribution analysis
- Risk-adjusted performance analysis and measurement

Myth vs. Reality in the Hedge Fund World

- Cause and effect of the hedge fund implosion
- Do funds-of-hedge-funds have a future?
- Separating alpha from beta in the hedge fund space
- Drivers of hedge fund returns
- Outlook for various hedge fund strategies

Private Equity

- Characteristics of PE as an asset class
- Different routes to investing in PE
- Drivers of PE returns
- The J-curve of a PE investment
- The outlook for PE

Commodities

- Risk, return and correlation characteristics of commodity markets
- Overview of major commodity markets
- Should commodities be considered a strategic or a tactical asset class?

Emerging Alternative Assets

- Infrastructure as an asset class
- Forestry and farmland as an asset class
- Carbon emissions as an asset class
- Environmental assets
- Emotional assets