FN452: Asset management and portfolio analysis

Assignment

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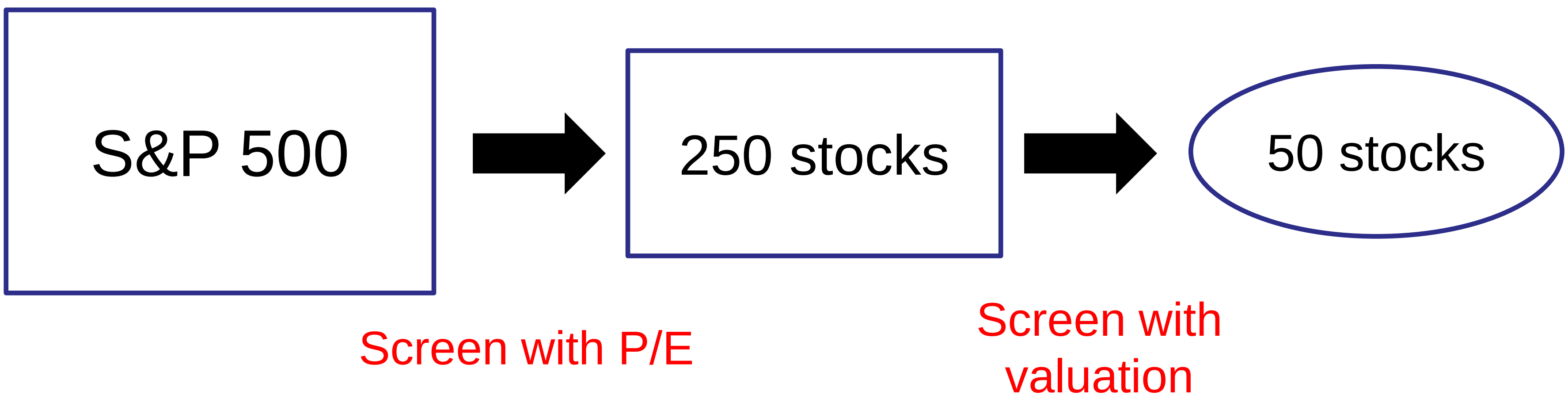
Assignment

- You are a fund manager who is asked to create various managed investment portfolios with **at least 30 stocks** on **May 29, 2020**, and to **evaluate its performance over the following 12 months**
- Form portfolios based on **S&P 1500 dataset** with specific theme that you want to sell to clients
- Feel free to design your fund report or presentation but make sure to include the following details starting from next slide…

Assignment

- Introduce your investment theme (e.g., region, factor, industry, etc.) with **systematic screening process** (see below chart for example) and convince why your theme is interesting. See following charts for example.



- Diversify your investment portfolio in various sectors. Do not concentrate your investment in just one or two sectors.

Assignment

- Construct the following portfolios

  1) Traditional portfolio weights based on the mean-variance optimization (MVO) approach

  2) Portfolio with equal-weight

  3) Portfolio with market-cap weight

  4) Portfolio with Black-Litterman approach

- For the BL portfolio, provide **views or opinions to adjust your portfolio** from the market-cap weight portfolio. Specify reasons why you think your expected returns on each stock should move in a direction you hope for or relatively better than others.

Assignment

- **Rebalance** your portfolio quarterly or semi-annually. You can assume no transaction cost or with transaction cost.
- Using **weekly data** provided in the same Excel files over the **following 12 months (end on May 28, 2021)** after each portfolio is constructed to **evaluate portfolios**
  - Measure the performance of all portfolios using various performance measurements (e.g., Sharpe ratio)
  - Calculate active share and active risk, and
  - Conduct style analysis/factor regressions as appropriate
- Add any analysis or topics that you think are interesting

Assignment

Use the following dataset

- **S&P 1500 dataset provided by me**
- **Yahoo Finance** and **Google Finance** for stock market data
- https://fred.stlouisfed.org/ for selected market rates in US
- Eikon and DataStream (subscribed by Faculty of Economics) for stock market data
- Bloomberg terminal (if you have access)
- Other sources

Assignment

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Grading criteria – Paper (20% of your total grade)

- Quality of writing (organization, writing clarity, spelling) 20%
- Content (completeness of details, accurate info, clear conclusion) 50%
- Support and references (e.g. relevant and effective info/data, sufficient and convincing evidence, appropriate sources) 20%
- Creativity or extra points if beyond expectations 10%

Grading criteria – Presentation (10% of your total grade)

- Organization (e.g. clear purpose, appropriate for audience, logical sequence) 15%
- Content (e.g. framework, accurate info, clear conclusion) 35%
- Presentation (e.g. good eye contact, clear voice, smooth, effective visual aids, length of presentation, answering questions) 50%

Assignment

Due date

- The presentation file and term paper (soft copies) are due on1st draft of term paper are due on **November 23, 2021 (Presentation date is on November 25, 2021)**. Please make it clean and readable as much as you can.

Limitations

- 15 pages report (incl. everything)
- 25 minutes presentation + 5-10 minutes Q&A for each group