

FINANCIALEDGE⁷

The Portfolio Manager

MICRO-DEGREE COURSE OUTLINE

The Portfolio Manager Micro-degree

The Portfolio Manager is designed to develop the theoretical and practical knowledge surrounding the investment management process and to give participants the skills to be able to best design an investment portfolio for different client needs.

This course is designed for those seeking to move into the asset management industry with the ultimate goal of becoming a portfolio manager and would also be hugely beneficial for anyone working within the asset management industry who is looking to gain a greater insight into the portfolio management process.



67.5

Hours

59

Topics

331

Exercises

8

Exams

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The Asset Management Industry

Learn about the mechanics of the investment management industry from both the perspective of clients investing money as well as the portfolio manager making investment decisions. This online course covers the various different objectives a client may have, the different types of fund structures, the implications of diversification, and liability driven investing, as well as the difference between active and passive investment strategies.

Intro to Asset Management (14004)

- How the investment management process works
- Asset classes including cash, debt, equity, and alternative investments such as real estate, private equity and hedge funds
- How to stay informed and the job roles in an asset manager
- Types of investors
- Wealth management
- Types of roles, functions, services, clients
- Insurance
- Real estate
- Career opportunities and tips

Investors, Institutional and Retail (10052)

- Retail investors vs institutional investors
- Pension funds
- Insurance companies
- Endowments
- Sovereign wealth funds
- Different types of retail investors, including High Net Worth Individuals

The Investment Policy Statement (13115)

- Purpose of the Investment Policy Statement
- Objectives: Risk and Return
- Liquidity constraint
- Time Horizon constraint
- Tax Status constraint
- Legal and Regulatory constraint
- Unique constraints

US Regulatory Considerations (13110)

- Fiduciary responsibilities
- ERISA
- UPMIFA
- Regulatory agencies - SEC
- Regulatory agencies - FINRA
- Regulatory agencies - state agencies

Economic Analysis and Asset Allocation

Learn the macro data points that a portfolio manager needs to consider as they make investment decisions and the ways in which they implement these economic expectations, along with a client's objectives and constraints, to develop an asset allocation strategy. This online course explores the impact of the economy, business cycle, central banks, regulation and general market trends on investment decisions. Then consider how a portfolio manager decides on allocations with the portfolio to different asset classes, such as equity, fixed income, cash and alternatives.

Monetary Systems (9060)

- Role of Central Banks
- Monetary Policy
- Fiscal Policy

Understanding Economic Cycles (9070)

- Global Economics - Trade Advantages
- Global Economics - Balance of Payments
- Stages of the Business Cycle
 - Stages of the Business/Economic Cycle
 - Monetary and Fiscal Policy Affect on the Business/Economic Cycle

Macroeconomic Indicators (9080)

- Leading Indicators
- Coincident Indicators
- Lagging Indicators
- Price Level Indicators

Portfolio Risk (13020)

- Types of Risk

Portfolio Risk and Return (new 13025)

- Portfolio Risk Measures (recap)
- Measuring Risk and Beta
- Covariance and Correlation
- Benefits of Diversification

Modern Portfolio Theory/ Extensions to Modern Portfolio Theory (new 13010)

- Modern Portfolio Theory
- Capital Asset Pricing Model
- Security Market Line
- Black-Litterman Model
- Robust Optimization
- Arbitrage Pricing Theory

Behavioral Finance (new 13070)

- Introduction to Behavioral Finance
- Heuristic-driven biases
- Frame dependence

Goals Based Investing (13075)

- Purpose of goals based investing
- How does goals based investing work
- Practical example goals based investing
- Comparison with traditional approach

Security Selection

Learn about the process a portfolio manager uses to make investment decisions. This online course will investigate the ways in which portfolio managers will make decisions over which individual securities to hold within their portfolios, from considering the nature of the fund itself, including analysis of ETFs, to considering the difference between active and passive investing in detail, as well as looking at the specific considerations in equity, fixed income, alternatives and foreign exchange. Technical analysis approaches to making investment decisions will also be considered.

Overview – Active vs Passive Investing (13085)

- Active vs Passive Investing
- Arguments for Passive Investing
- Identifying closet index funds
- Identifying closet index funds workout
- Active share
- Active share workout
- Arguments for Active Investing

Overview – Index Investing (10105)

- What is an index?
- Index construction methodologies
- How indexes are used
- The role of the index provider
- Benefits of index investing
- How to construct an index portfolio

Overview – Equity Investment Vehicles (10110)

- Mutual Funds
- ETFs
- Other Equity Investment Vehicles

Equity – Investment Characteristics (10020)

- Common stock
- Preferred securities
- Convertible bonds
- Indices
- Exchange Traded Funds
- Equity multiples
- Enterprise multiples

Market Sectors (10030)

- Market sector classifications
- Industrial vs financial sectors

Equity – Emerging Markets (10040)

- Overview of emerging markets
- Definition of emerging markets
- Emerging markets and growth
- Emerging markets and risk

Fixed Income Portfolio Management (13150)

- Active and passive fixed income portfolio management
- Macaulay and modified duration
- Convexity
- DV01
- Liability driven investing
- Cash flow matching
- Immunization
- Rolling down the yield curve
- Duration management
- Yield curve shifts and twists
- Bullet and barbell portfolios
- Managing interest rate risk with derivatives

Alternative Investments (13090)

- Alternative vs traditional asset classes
- Hedge funds
- Private equity
- Commodities
- Real estate
- Foreign exchange

Technical Analysis (13080)

- Introduction to technical analysis
- Trend analysis
- Support and resistance

ESG Investing (5110)

- Introduction to ESG
- Materiality
- Benchmarking Analysis
- Environmental, Social and Governance Metrics
- Scenario Analysis

The Accountant

Build a comprehensive understanding of the essential techniques required to accurately analyze the financial results of a company.

Financial Accounting Review (2010)

- Making entries and ensuring the balance sheet balances
- Preparing a balance sheet
- Preparing an income statement from the entries to retained earnings
- Preparing a cash flow statement from the entries to the cash account
- A review of the different categorizations on the income statement, balance sheet, and the cash flow statement

Income Statement (2020)

- Revenue recognition issues
- Cost recognition issues
- Identifying non-recurring items from the income statement, the MD&A, the notes to the accounts and the financial statement press release
- Calculating EBIT and EBITDA for the historical year, and on an LTM basis
- Understand the difference between basic and diluted earnings per share and calculate recurring diluted earnings per share
- Review company profitability compared to its peer group

Earnings Per Share (2140)

- Basic EPS calculations including weighted average shares
- Dilutive securities: options (treasury method) and convertibles (as if converted)
- Calculating recurring EPS

Working Capital (2030)

- Inventory accounting including the impact on EBIT of LIFO and FIFO accounting choices (where relevant)
- Accounts receivable and bad debts (identifying when companies are manipulating sales)
- Accounts payable and accruals and the difference between them from a due diligence perspective
- Other items including taxes payable, deferred revenue, and pre-paid items
- Working capital and operating working capital and the cash impact of changes in operating working capital

- Credit implications of working capital movements
- Day ratios

Non Current Assets (2040)

- Gross PP&E, accumulated depreciation, depreciation expense and net PP&E
- Building a simple forecast of fixed assets
- Establishing the age of a company's fixed asset base
- Finite, and infinite intangibles including goodwill
- A review of key methods of accounting for financial investments
- At fair value through the income statement
- Available for sale
- Associate (equity method) accounting

Capital Structure (2050)

- Debt issues and repurchases
- Simple yield to maturity and all in cost calculations and understanding Original Issuer Discounts
- Calculating net debt
- Equity issuance and repurchases
- The difference between authorized, issued and outstanding shares and multiple share classes
- Other capital items: preference shares and convertible bonds
- Leverage ratios
- Debt liability maturity analysis

Accounting Ratios (2004)

- Introduction to the accounting ratios used for analysis of financial statements to better understand the underlying organization.
- Profitability ratios, including margins
- Liquidity ratios, including operating working capital
- Calculating EBIT and EBITDA for the historical year, and on an LTM basis
- Leverage ratios, including net debt and interest coverage
- Asset ratios

Cash Flow Statement (2060)

- Understanding how to categorize cash flows between operating, investing, and financing
- Deriving a cash flow statement from two balance sheets and an income statement
- Deriving a balance sheet from a cash flow statement and an income statement
- Different cash flow statement presentations

Equity Method Investments (2090)

- What are equity method investments?
 - Equity affiliates / associates
 - Joint ventures
- Equity method accounting
 - Income statement

- Balance sheet
- Cash flow statement
- Financial statement integration

Intro to Full Consolidation (2110)

- M&A accounting overview
- Balance sheet consolidation
- Sources and uses of funds
- Goodwill calculation
- Income statement consolidation
- Non controlling interests – NCI

The Modeler

Learn how to build models quickly and error-free, critical for the decisions and recommendations that they underpin.

Introduction to Modeling (3020)

- Key settings
- Formatting and layout standards
- Building a simple income statement and balance sheet model, on one sheet, then across sheets
- Balancing the balance sheet using the cash flow statement
- Preparing the model for handover
- Key formatting and putting the output into a pitch book

Three Statement Modeling with Iterations (3030)

- Income statement construction and highlighting key numbers
- Calculation schedules (PP&E, retained earnings, operating working capital, and debt)
- Balancing the balance sheet with a cash sweep
- Calculating interest using average balances
- Circular references and iterations
- Working with a circular reference switch
- Preparing the model for handover
- Key formatting and putting the output into a pitch book

Three Statement Model Editing (3035)

- Steps before editing
- Inserting a new item
- Removing an old item
- After editing
- Relevant keyboard shortcut keys

Three Statement Modeling with Estimates (3040)

- Cleaning up the income statement and balance sheet and simplifying the line items
- Getting estimates for revenues and EBIT
- Building multiple scenarios into a model's assumption
- Modeling a forecast debt repayment schedule from the notes
- Key ratios
- Checking the model for reasonableness
- Formatting and putting the output into a pitch book

Three Statement Model with Cash Sweeps (3050)

- Why banks want to be repaid early
- Cash sweep mechanisms
- How to model cash sweeps
- Building a three statement model with a cash sweep

Checking a Model for Integrity and Errors (3060)

- Top ten errors
- Auditing and error checking toolkit
- Checking your own model
- Checking someone else's model

The Valuer

Equity to Enterprise Value Bridge (5020)

- Calculating equity value
- Calculating enterprise value
- Non-core items, debt equivalent items, and non-controlling interests
- Calculating simple multiples
- Illustrating the impact of leverage
- Understand how growth rates, returns and multiples interrelate

Trading Comparables (5030)

- Review choosing a comparable set of companies
- Calculating enterprise value
- Calculating LTM EBITDA and EBIT
- Forward multiples and issues with consensus data
- Understanding which operational ratios are important for the analysis

Transaction Comparables (5040)

- Reviewing data sources
- Understanding different deal contexts
- Calculating enterprise value and LTM EBITDA

- Calculating premiums paid based on offer prices where appropriate
- Calculating the synergies from the transactions as a % of target sales

WACC Analysis (5060)

- Capital Asset Pricing Model
- Calculating the WACC for the peer group
- Interpreting the results
- Establish a reasonable cost of capital for the target company
- WACC approach

Discounted Cash Flow Valuation (5080)

- Calculating free cash flows
- Understanding how the operational ratios should develop over the financial forecast
- Calculating the steady state and making relevant adjustments to the steady state cash flows
- Making reasonable assumptions for long-term growth rates
- Discounting to a deal date
- Converting the enterprise value into an implied share price, making relevant adjustments for share options and restricted stock units

Pulling the Analysis Together (5090)

- Calculating free cash flows
- Understanding how the operational ratios should develop over the financial forecast
- Calculating the steady state and making relevant adjustments to the steady state cash flows
- Making reasonable assumptions for long-term growth rates
- Discounting to a deal date
- Converting the enterprise value into an implied share price, making relevant adjustments for share options and restricted stock units

The Equities Trader

Equity to Enterprise Value Primer (5020)

- Calculating equity value
- Calculating enterprise value
- Non-core items, debt equivalent items, and non-controlling interests
- Calculating simple multiples
- Illustrating the impact of leverage
- Understand how growth rates, returns and multiples interrelate

Equity Markets and Products (10080)

- Cash equities
- Different exchanges
- Initial public offerings
- Role of ECM versus trading desk

- Special Situations (10090)
- Equity events: spin offs, share repurchases, asset sales
- Fixed income events: debt restructuring, distressed debt
- Private situations

Special Situations (10090)

- Equity events: spin offs, share repurchases, asset sales
- Fixed income events: debt restructuring, distressed debt
- Private situations

Equity Derivatives (10135)

- Options, forwards, and futures
- Asset swaps
- Structured products
- Hedging

The FICC Trader

Rates Markets and Products (10185)

- US government bond market including TIPS and zero coupons
- European government bond market including index linked Gilts, Gilt strips, and other inflation-linked bonds (e.g. Germany)
- Asian government bond market including JGBi
- Yield curve
- Central bank activity and impact to capital markets
- Credit Markets and Products (10190)
- Credit ratings
- Credit spreads and implied risk premia
- US corporate bond market
- European corporate bond market
- Bonds with specialist including puttable, callable, contingent capital (coco), CLOs, CDOs, convertibles, and exchangeables
- Bank loans
- Calculating bond yields
- Calculating bond prices
- Role of DCM versus the trading desk

Credit Markets and Products (10190)

- Credit ratings
- Credit spreads and implied risk premia
- US corporate bond market
- European corporate bond market
- Bonds with specialist including puttable, callable, contingent capital (coco), CLOs, CDOs, convertibles, and exchangeables

- Bank loans
- Calculating bond yields
- Calculating bond prices
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FX and Commodities (10220)

- FX definitions and quote methodology
- FX spot market
- Cross rates
- Commodity market

Fixed Income Derivatives (10200)

- Options, forwards, and futures
- Interest rate swaps
- Swaptions
- Credit default swaps and credit default indices
- FX and commodity derivatives
- Structured products

Collateral Management (10170)

- What is collateral?
- Types of collateral
- Credit risk
- Centralized clearing

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Performance Measurement

Learn about how the performance of portfolio manager's can be assessed. This online course investigates the benchmarks against which the performance of a portfolio can be judged, the various different approaches to assessing the risk-adjustment performance of a portfolio and how the returns generated by a portfolio can be broken down into their various different sources.

Portfolio Performance (13030)

- Components of Return
- Absolute and Relative Performance
- Rolling Returns
- Time Weighted and Dollar Weighted Returns

Benchmarks (13050)

- Introduction to benchmarks
- Properties of a valid benchmark
- Types of benchmarks:
 - Indexes
 - Absolute
 - Universe of managers
 - Style indexes
 - Factor based
 - Custom

Equity Indices (10100)

- Introduction to equity indices
- Types of indices
- Market value weighted
- Price weighted
- Equal weighted
- Fundamentally weighted

Risk Adjusted Measures (13040)

- Alpha
- Sharpe Ratio
- Treynor Ratio
- Information Ratio

Attribution Calculations (13060)

- Allocation effect
- Selection effect
- Interaction effect
- Factor tilt attribution

Portfolio Manager Expert Interview

Watch our Expert Interview with John Correia, a Wealth Manager, and Founder and managing member of Madison Asset Advisors. Make your way through the video playlist to understand more about a role in Portfolio Management, including entry routes, and challenges in working in the industry, as well as the ways the industry as a whole is evolving.

Portfolio Manager Expert Interview (14004)

- Meet a portfolio manager
- How did you begin your career
- Main responsibilities and skills
- Why portfolio management
- Challenges of working in portfolio management



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