This course will provide an introduction to investment strategy as practiced by fund managers. It will review the analytical tools and models typically used in asset allocation and will provide an appraisal of the successes and failures of the most common investment strategies. The main focus will be on strategies involving allocation across broad asset classes: Stocks, bonds, cash, and alternative investments, and on sector allocation within equities.

Prerequisites: This course requires that students either be in the Master of Science in Finance program or have completed FIN 5437 and FIN 5439. The category of instruction is graduate/intermediate.

Reading materials:


Articles for the course will be in a course packet available at Target Copy. Most are also available through the UF Business Library. Power point presentations used in the lectures will be available on the course’s e-learning site.

Grading: Mid-term examination (30%), final examination (40%), model portfolio (15%), problem sets (10%), and class participation (5%). Grading will be in accord with Graduate School policy: http://www.registrar.ufl.edu

The model portfolio: The model portfolio should be a team effort. Each team will create and manage a virtual portfolio during the module, and make a presentation on the results at the end of the course, explaining what worked or did not work, and why. The objective is to create a portfolio of domestic equities that will outperform a passive index, the S&P 500, or of global equities that will outperform the MSCI All-Country World Index. The teams will be graded on the reasoning behind their strategy and the quality of their analysis.

Students with disabilities will be accommodated. University policy is that such students must first register with the Dean of Students Office. The Dean of Students Office will provide documentation to
the student who must then provide this documentation to the Instructor when requesting accommodation. http://www.dso.ufl.edu/drc/

Class attendance: Required. Arrangements can be made to make up assignments and exams missed because of unforeseen events such as job interviews, illnesses, accidents, or family emergencies provided the make-ups are arranged beforehand. Any make-up exams for the mid-term and the final will each be offered to students on a single date only.

Final exam date: Tuesday, May 1, 9:35-1:30 in HGS240.

Laptop policy: Laptops and any devices that can read text (including Smartphones) must be closed during exams. There is no closed laptop policy during the lectures, but students overly absorbed in their laptops are unlikely to do well on the class participation portion of their grades.

Office hours: 3:00–6:00 on Wednesdays, or by appointment. I am in my office (303E STZ) most weekdays and respond to all e-mails, usually on the same day.

Course content:

1. Overview: Investment objectives

   AM, Chapter 1, Asset Owners
   Chapter 2, Preferences.

2. Portfolio returns and risk.

   AM Chapter 3 Mean-Variance Investing.


3. Approaches to asset allocation


4. Factor investing

   AM, Chapter 7, Factors
   Chapter 14, Factor Investing.


5. **Rational behavior and behavioral finance**


6. **Equity and bond risk premia.**

   *AM*, Chapter 8, Equities
   Chapter 9, Bonds
   Chapter 13 Illiquid Assets


7. **Alternatives.**

   *AM* Chapter 11 Real Assets
Chapter 17 Hedge Funds
Chapter 18 Private Equity

8 Managing a portfolio.
