

## **PORTFOLIO MANAGEMENT AND PERFORMANCE EVALUATION**

Degree in Finance

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Code: 12536

Main Scientific Area: Finance

Lecturer: Paulo Alexandre da Rocha Armada de Campos Leite

Language of Instruction: Portuguese

Regime: S2

Contact Hours: 45h Total Workload: 95h

ECTS: 5,0

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### **Objectives**

The syllabus focuses on five aspects that are the main objectives of the curricular unit:

- Define mutual funds and characterize the several types of mutual funds that exist;
- Understand the process of portfolio construction and build optimal investment portfolios;
- Identify and use several types of asset pricing models that relate risk and return and sustain its applicability;
- Identify, describe and implement active and passive portfolio management strategies;
- Evaluate the performance of investment portfolios.

### **Learning Outcomes**

- Identify and characterize the different types of mutual funds and understand their taxation principles;
- Understand the relationship between risk and return and explain the contribute of Markowitz's portfolio theory to modern finance;
- Describe the several asset pricing models, know how to use them and identify their main limitations;
- Identify the several phases of the portfolio construction process and build optimal portfolios with two or more risky securities, as well as with a risk-free asset;
- Describe the evolution of portfolio performance evaluation measures, framing them in the context of portfolio theory and asset pricing models, and identify their main limitations;
- Evaluate the performance of various types of mutual funds (e.g., equity funds, bond funds, balanced funds).

### **Course Contents**

Introduction

Mutual Funds

Portfolio Theory  
Asset Pricing Models  
Portfolio Management and Portfolio Performance Evaluation

### **Recommended Bibliography**

BODIE, Zvi; KANE, Alex; MARCUS, Alan (2022), "Essentials of Investments", 12th edition, McGraw-Hill. NEVES, Maria Elisabete; QUELHAS, Ana Paula (2013), "Carteiras de Investimento – Gestão e Avaliação do Desempenho", Almedina.

### **Learning and Teaching Methods**

After defining some introductory concepts (chapter 1), chapter 2 allows an understanding of the concept and structure of a mutual fund, as well as the main taxation aspects associated.

In chapter 3 we present Markowitz's portfolio theory, which allows an understanding of the risk-return trade off and the main principles of portfolio construction. Next, we explain the process of constructing optimal portfolios with risky assets and also with risk-free securities.

Chapter 4 presents asset pricing models and discusses its main limitations. Chapter 5 focuses on several aspects regarding portfolio management strategies and presents the main portfolio performance evaluation measures: the classical/traditional measures, multi-factor models, performance attribution models, selectivity and market timing measures and conditional performance evaluation models.

### **Assessment Methods**

2 written tests (50% weight for the 1st test and 35% weight for the 2nd test); a practical group work (15% weight).

To pass the course students must obtain a minimum score of 7,0 in each test.

The use of mobile phones / smartphones / smartwatches is not allowed during tests / exams. During exam periods, the evaluation is made exclusively through an exam (100% weight).