



**London  
South Bank**  
University

EST 1892

# Module Guide

Institutional Fund Management

BAF\_7\_IFU

Business

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## 1. MODULE DETAILS

<b>Module Title:</b>	Institutional Fund Management
<b>Module Level:</b>	7
<b>Module Reference Number:</b>	BAF_7_IFU
<b>Credit Value:</b>	20 credits
<b>Student Study Hours:</b>	200 hours
<b>Contact Hours:</b>	42 hours
<b>Private Study Hours:</b>	158 hours
<b>Pre-requisite Learning (If applicable):</b>	None
<b>Co-requisite Modules (If applicable):</b>	A fairly high degree of numerical proficiency and an understanding of basic finance.
<b>Course(s):</b>	MSc International Finance; MSc International Accounting and Finance and MSc Institutional Fund Management
<b>Year and Semester</b>	2016-2017 Semester 2
<b>Module Coordinator:</b>	Dr Ling Xiao
<b>MC Contact Details (Tel, Email, Room)</b>	02078156931; <a href="mailto:xiaol4@lsbu.ac.uk">xiaol4@lsbu.ac.uk</a> L354
<b>Teaching Team &amp; Contact Details (If applicable):</b>	
<b>Subject Area:</b>	Business/Accounting and Finance
<b>Summary of Assessment Method:</b>	A 3-hour closed book written examination with a weighting of 60%; and a group coursework assignment with a weighting of 40%
<b>External Examiner appointed for module:</b>	Dr Lianfeng Quan, Senior Lecturer in Finance, University of Greenwich.

## 2. SHORT DESCRIPTION

This module is designed to provide students with an understanding of the theory and practice of institutional fund management, particularly as it relates to the UK. The coverage will include portfolio creation and management, asset allocation and stock selection, and portfolio performance measurement, including the use of benchmarks and their relationship with performance targets and portfolio risk. Consideration will also be given to the major types of investment institutions, including their investment aims, time horizons, tax position and regulation.

## 3. AIMS OF THE MODULE

To provide students with an in-depth understanding of the theory of portfolio creation and portfolio management, together with the ability to apply this knowledge in the light of a fund's particular investment needs and objectives.

- To equip students with the knowledge and understanding to enable them to make appropriate asset allocation and stock selection decisions, taking in to account tax, cash -flow, currency risk and relevant political and economic factors.
- To enable students to assess and evaluate the performance of investment portfolios, including the appropriate use of benchmarks.
- To provide students with an understanding of the nature and regulation of the principal investment institutions in the UK and to equip them to undertake the management of funds for institutional clients.

## 4. LEARNING OUTCOMES

### 4.1. KNOWLEDGE AND UNDERSTANDING

On completion of the Module, students should be able to:

- Demonstrate an in-depth understanding, critical analysis and evaluation of both the nature of the different types of asset classes available, as well as their effective utilisation in the construction of portfolios.
- Deeper understanding of portfolio theory, as well as being able to analyse, critically evaluate and comment on any differences observed in practice.
- Effectively construct suitable investment portfolios that reflect a fund's particular investment objectives, taking in to account regulatory issues/restrictions and market practicalities.
- Demonstrate in-depth awareness and provide critical evaluation *vis-à-vis* the construction and use of benchmarks in the context of portfolio performance measurement.
- Evidence sound operational knowledge of the principal investment institutions in the UK, including their investment objectives and regulation.

### 4.2. INTELLECTUAL SKILLS

On successful completion of this module students will be able to:

- Key cognitive skills developed will include the analysis of both quantitative and qualitative information, and the ability to apply theory to practice, and to formulate and discuss anomalies and discrepancies.
- Problem-solving ability will be enhanced by the use of case studies, and thereby the necessity of coping with less than perfect information.

### 4.3. PRACTICAL SKILLS

On successful completion of the module students will be able to:

- IT skills will include the use of Bloomberg and Thomson Reuters databases and e-journals, as well as Internet sources for gaining relevant qualitative information and data.
- Use of MS Excel for the analysis required in the coursework and of ongoing seminar questions.

### 4.4. TRANSFERABLE SKILLS

Lays great emphasis on developing the following transferable skills:

- Researching skills
- Reading and comprehension skills
- Analytical and problem solving skills
- Information technology skills
- Written communication skills
- Oral communication skills
- Planning and organisational skills

## 5. ASSESSMENT OF THE MODULE

A 3-hour closed book written examination with a weighting of 60%, and a group coursework assignment with a weighting of 40% circa 4,800 words per group or equivalent of 1,600 per person.

The minimum mark for each element of assessment will be 40% and the overall pass mark for the module will be 50%.

The coursework assignment seeks to inter-relate various topics within the module and provide the opportunity for the development of advanced computing and other skills.

**Submission Date: Monday, 1<sup>st</sup> May 2016**

## 6. FEEDBACK

Feedback will normally be given to students 15 working days after the submission of an assignment.

## 7. INTRODUCTION TO STUDYING THE MODULE

### 7.1 Overview of the Main Content

This module provides students with an understanding of the theory and practice of institutional fund management, particularly as it relates to the UK. The course contents include portfolio creation and management, asset allocation and stock selection, and portfolio performance measurement, including the use of benchmarks and their relationship with performance targets and portfolio risk. The major types of investment institutions, including their investment aims, time horizons, tax position and regulation are also covered.

### 7.2 Overview of Types of Classes

There will normally be 13 weekly teaching-cum-learning sessions. Each session will consist of a Lecture – later reinforced and supported by a related Seminar.

In a lecture underlying concepts are introduced and parameters defined. Extant theory and practice related to the topics are explained and examples are used to encourage exploration of the topic by further reading.

Seminars are a forum for students to air opinions, clear doubts and crystallise thoughts through quantitative and qualitative analysis of main issues encountered in this module. This gives the leader an opportunity to determine the extent to which concepts and techniques have been communicated, and consider the adequacy of each student's understanding with a view to taking due action. Seminars are generally reinforced by use of the Moodle (Virtual Learning Environment) site set up for the module.

### 7.3 Importance of Student Self-Managed Learning Time

Academically, the module is set at Master's level. Thus, a key feature of ALL Masters Units is **INDEPENDENT LEARNING**. This feature requires that you **MUST** complement the formal Lectures and Seminars by significant relevant personal reading and thinking. Much of this thinking will be about understanding the concepts and techniques of financial analysis. Equally important will be your thinking about finding answers to problem solving questions.

To do this you will need to read relevant chapters in books on Corporate Finance and various journals listed in this Module Guide. A key source of latest theoretical and empirical developments in the area of corporate finance is good quality finance journals.

The module is delivered on the basis that each hour of formal classroom study is supported by, at least, three hours of independent reading and study. This is required throughout the duration of the delivery of this module.

## 7.4 Employability

On completion of this module students should have an operational level knowledge of the main principles, approaches, conventions and practices of fund management, so that they will be able to apply them within real-world problems and situations. In being able to do so, students are likely to enhance their overall employment potential and/or their ability to undertake practical work with a view to commencing employment in an institution involving security analysis and fund management.

## 8. THE PROGRAMME OF TEACHING, LEARNING AND ASSESSMENT

The seminar relating to each lecture will take place in the week after the corresponding lecture.

SEMESTER 2		
WEEK	TOPIC	READING (CORE TEXT)
1-2	Consideration of the various types of assets; equities, fixed-interest securities, index-linked, property, exchange-traded derivatives, hedge funds, exchange traded funds, other structured products cash, currencies and commodities.	Chapters 1 to 4 Investments
3-4	Portfolio Theory and Practice: Risk, Return The Characteristics of the Opportunity Set Under Risk. Simple Techniques for Determining The Efficient Frontier.	Chapters 5 to 7 Investments
5-6	The Capital Asset Pricing Models including multi factors models and diversification both domestically and internationally. Ass	Chapters 9 and 25 Investments.
7	Asset allocation and stock selection decisions.	Chapter 24 Investments.
8-9	The role of the fund manager. Portfolio performance measurement; construction and use of benchmarks, return measures and attribution analysis.	Chapters 24 and 27 Investments
10	Knowledge and understanding of the statutory and non-statutory regulations relating to investment management groups	Chapter Investments
11-12	Use of derivatives in management of risk, options and forward and futures and option valuation and strategies	Chapters 20 to 21 Investments.
13	Revision Session	

A significant emphasis is placed on the development of practical illustrations of the use of theory and concepts, and the module participants will be expected to work through a number of examples. A practical and intuitive approach is adopted in order to absorb the formal analysis. The mathematical requirements of the module are limited to high school algebra.

## 9. STUDENT EVALUATION

The module will incorporate suggestions and amendments based on the assessment made by Course Boards and Module Evaluation Questionnaires in previous years. It will also encourage continuous feedback and interaction both from the students and module coordinator during lectures and seminar sessions. The continuous feedback will reflect on the teaching and learning strategies used by the students, will encourage the development of skills, and will aim to increase the students' motivation and level of achievement.

## 10. LEARNING RESOURCES

### 10.1 Core Materials

See <https://lsbu.rl.talis.com/lists/38320A35-6F6F-F7E7-E6DD-CE72F74177E2.html>

Latest editions of:

Bodie, Z. Kane, A., Marcus, A.J. Investments, McGraw-Hill.

Elton, E.J., Gruber, M.J., Brown, S.J. & Goetzmann, W.N., Modern Portfolio Theory and Investment Analysis, International Student Version, John Wiley & Son.

**Module Moodle Site:** Contains lecture notes, seminar questions and solutions.

### 10.2 Optional Materials

Hull, J., Risk Management and Financial Institutions, International Edition, Prentice Hall  
Hull, J. Fundamentals of Futures and Options Markets, Prentice Hall

Journal of Fund Management  
Journal of Portfolio Management  
Journal of Real Estate Portfolio Management  
Journal of Wealth Management  
The Journal of Derivatives  
The Journal of Future Markets  
The Journal of Derivatives  
The Journal of Financial and Quantitative Analysis  
Journal of Business  
Financial Analysts Journal  
Journal of Finance

Financial Times and financial pages of broadsheet newspapers.  
The Economist, Investors Chronicle, Wall Street Journal, Private Eye.

#### **Electronic Media**

<http://www.lsbu.ac.uk/library/> offers access to databases of finance journals, which students are encouraged to read along with papers like the Financial Times and Wall Street Journal (Europe). Historical financial market data is available on websites such as Yahoo Finance.

Websites

[www.investmentfunds.org.uk/](http://www.investmentfunds.org.uk/)

[www.aitc.co.uk/](http://www.aitc.co.uk/)

[www.bized.ac.uk](http://www.bized.ac.uk)

[www.accountingweb.co.uk](http://www.accountingweb.co.uk)

[www.researchindex.co.uk](http://www.researchindex.co.uk)

[www.datagold.com](http://www.datagold.com)

[www.carol.co.uk](http://www.carol.co.uk)

[www.companynews.co.uk](http://www.companynews.co.uk)

[www.ukindustry.co.uk](http://www.ukindustry.co.uk)

[www.ft.com](http://www.ft.com)

LSBU Moodle – <https://vle.lsbu.ac.uk/login.php>

#### Moodle

A Moodle site is maintained for this module. Copies of all module materials can be obtained at this site. Copies of seminar answers will be available at the site one week after the relevant seminar.

Additional advice on studying and information on further reading is provided on the Moodle site.

Library - <http://www1.lsbu.ac.uk/library>

### **Other Resources**

A PDF copy of the student handbook is available at:

<https://my.lsbu.ac.uk/assets/documents/regulations/student-handbook.pdf>

A great deal of help is available on all academic matters from 'Academic Assistant' at

<http://www.blc.lsbu.ac.uk/aa/aa/>

## **NOTES**

Plagiarism means presenting another person's work as your own. Some examples of it are:

1. The inclusion in a student's assignment of more than a single phrase from another person's work without the use of quotation marks and due acknowledgement of the source.
2. The summarising of another's work by simply changing a few words or altering the order of presentation, without proper acknowledgement.
3. The use of the ideas or intellectual data of another person without acknowledgement of the source or the submission or presentation of work as if it were the student's, when in fact they are substantially the ideas or intellectual data of another person.
4. Copying the work of another person (be it a co-student or any other source).

Students are rightly expected to draw upon other people's ideas but in an appropriate manner. Students will certainly use books and journals to assist with their studies and in students may have access to other people's work on computer disk or over a computer network. When undertaking coursework assignments they may legitimately make reference to publication made by others.

However, other people's work must be used in a principled way, with due acknowledgement of authorship. Students, in acknowledgement of the work of others must use a recognised standard and for business students this is the Harvard system of referencing.

The consequences of plagiarism are extremely serious. This should be borne in mind at all times and especially when students are completing their assignments.

In cases of plagiarism and other forms of cheating, University regulations will be strictly applied. Penalties may include failure in the module, without the right to be re-assessed or even termination of studies.

If you have any concerns about plagiarism, you must discuss them with your lecturer or seminar tutor before submitting your final work for marking.

### **Student Support**

London South Bank University offers many ways to offer you support while you study with us. We appreciate that many factors can impact on student success and so offer a suite of services students can rely on. Services can be accessed at: <http://www.lsbu.ac.uk/student-life/student-services>

For reasons of educational soundness and/or events beyond the control of the lecturer responsible for this module, s/he reserves the right to exceptionally vary and/or modify, the lecture programme to ensure that the module learning outcomes can be fully met.