

FINANCIAL MARKETS & PORTAFOLIO MANAGEMENT (LSE SUMMER SCHOOL)

Take away a practical toolkit for the successful management of investment portfolios.

On this in-depth course, you will study the theoretical and practical aspects of financial markets, and learn how modern financial markets work. We will explore diversification, asset allocation, portfolio optimisation, the equilibrium relationship between risk and return, equity valuation, factor models and the active portfolio management industry.

Further topics will include market efficiency, behavioural finance, market microstructure, the term structure of interest rates, bond markets, and the management of bond portfolios, giving you a detailed overview of many aspects of financial markets using real-world examples and cutting-edge research.

After completing the course, you will have deepened your knowledge and developed practical tools that you can draw on for a career or further study in finance. The content is particularly applicable to industries such as asset management, trading and wealth management.

Lecturers: Dr Thummim Cho and Dr Huan Tang

Lectures: 36 hours

Classes: 18 hours

Assessment*: Two examinations

Prerequisites

Introductory Finance and elementary quantitative methods.

Programme structure

Time-Varying Expected Returns and Market Efficiency

Optimal portfolio selection (asset allocation and security selection)

Risk and return in Equilibrium: The CAPM

Empirical evidence on the capital asset pricing model

Performance of the C-CAPM, the equity premium and risk-free rate puzzles

Anomalies and trading strategies (size effect, value premium, momentum, reversal, Betting-Against-Beta)

Multi-factor models: APT and I-CAPM

Optimal investment strategy when privately informed

Active portfolio management, insurance, and immunisation

Organisation of financial markets and exchanges

Determinants of bid-ask spreads

Behavioural finance

Bond portfolio management and immunisation

Course outcomes

The course aims to provide a thorough understanding of both the mechanics and the operations of financial markets, whilst paying particular attention to the trading and evaluation of securities in equity and bond markets.

Teaching

LSE's Department of Finance enjoys a pre-eminent reputation for the excellence of their teaching and research, and for their leading role in public-policy issues. The Department of Finance has grown in recent years to become one of the largest and most highly-regarded finance groups in the UK and Europe.

LSE's Department of Finance is closely associated with LSE's Financial Markets Group and Systemic Risk Centre which regularly hosts a wide variety of seminars, conferences and public addresses by leading academics and practitioners. The Department, along with the Departments of Accounting and Management, was ranked as the UK leader for Business and Management Studies in the 2014 Research Excellence Framework. The Department's excellence in research and world-class faculty set them apart as global leaders in the field of finance.

On this three-week intensive programme, you will engage with and learn from full-time lecturers from the LSE's finance faculty.

Reading materials

Z. Bodie, A. Kane, and A. J. Marcus, *Investments* (10th edition), McGraw-Hill (2013).

This textbook is supplemented by selected chapters from finance and investments textbooks, and relevant articles published in the finance literature

*A more detailed reading list will be supplied prior to the start of the programme

**Course content, faculty and dates may be subject to change without prior notice