



# Advanced Portfolio Management – for fixed income portfolios

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09.00-09.15	Welcome and introduction
09.15-10.00	<b>1. The Framework for Portfolio Management</b> 1.1 The steps in the investment process <ul style="list-style-type: none"><li>• Strategic Asset Allocation</li><li>• Tactical Asset Allocation</li><li>• Security selection</li></ul> 1.2 Limitations of the classic Markowitz approach 1.3 Active management vs. benchmarking
10.00-10.15	Coffee break
10.15-14.00	<b>2. Tools for Fixed Income Portfolio Composition</b> 2.1 Risk measures <ul style="list-style-type: none"><li>• Duration and convexity for portfolios</li><li>• Delta vectors</li><li>• Value at Risk for portfolios</li><li>• Handling callable bonds</li><li>• Principal Component Analysis</li><li>• Tracking error</li></ul>
12.00-13.00	Lunch
14.00-16.30	<b>3. Advanced Issues in Fixed Income Portfolio Construction</b> 3.1 The role of the benchmark 3.2 Summary of key ratios usable for portfolio construction 3.3 Scenarios & views 3.4 The risk budget 3.5 Methods for portfolio construction <ul style="list-style-type: none"><li>• Simple switches &amp; barbells</li><li>• Risk matching</li><li>• Benchmark relative portfolio construction</li><li>• Flexible optimisation - different formulations for objective and constraints</li><li>• A worked example</li></ul>
14.30-14.45	Coffee break



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09.00-09.30	Recap
09.30-10.45	<b>3. Advanced Issues in Fixed Income Portfolio Construction, continued</b>
10.45-11.00	Coffee break
11.00-12.00	<b>Workshop: Fixed Income Portfolio Construction</b>
12.00-13.00	Lunch
13.00-14.00	<b>4. Currency Overlay</b> <ul style="list-style-type: none"><li>4.1 Does currency hedging pay?</li><li>4.2 Active currency management strategy<ul style="list-style-type: none"><li>• Technical models</li><li>• Dynamic hedging</li><li>• Fundamental approach</li><li>• Implications</li></ul></li><li>4.3 Passive currency management strategy<ul style="list-style-type: none"><li>• Fixed of hedge ratio</li><li>• Implications</li></ul></li><li>4.4 Defining deviation from benchmark</li><li>4.5 Instrument choice</li></ul>
14.00-16.15	<b>5. Attribution Analysis</b> <ul style="list-style-type: none"><li>5.1 The role of attribution analysis in the investment process</li><li>5.2 Methods for performance measurement<ul style="list-style-type: none"><li>• Can equity methods be generalised?</li><li>• Why is fixed-income attribution different from equity?</li></ul></li><li>5.3 Methods for fixed-income attribution analysis<ul style="list-style-type: none"><li>• Specific fixed-income methods</li><li>• Understanding fixed-income returns</li><li>• Different formulations of fixed-income attribution</li></ul></li><li>5.4 A worked example</li></ul>
15.00-15.15	Coffee break
16.15-16.30	Conclusion and course evaluation