Introduction to Investment Management

Course objectives

This course provides a comprehensive, non-mathematical introduction to the key elements of investment management.
Specifically, participants will be able to:

- Understand what institutional investors are and how they operate
- Identify the characteristics of the principal asset classes
- Identify and distinguish between the principal investment products
- Understand the importance of establishing investor preferences
- Understand the basic principles of portfolio construction
- Distinguish between active and passive portfolio strategies and styles
- Differentiate between equity and fixed income management styles
- Understand the interaction between institutional investors and brokers/investment banks

Target Audience

Entry-level delegates that wish to develop a broad understanding of the investment management industry and the role that it plays in today's markets. This course will be of particular benefit to those starting within the investment management industry and those that deal with the financial services industry.

Content

INTRODUCING THE INVESTMENT MANAGER

- What is investment management?
- Industry development, ownership and structure
- Industry drivers
- Current trends and themes

THE INVESTMENT MANAGEMENT PROCESS

- Establishing investor objectives
- Investment return profile
- Risk tolerances and investment constraints
- Portfolio construction and risk management
- Portfolio monitoring and administration
- Performance evaluation –measurement and attribution

PRINCIPALS OF PORTFOLIO CONSTRUCTION

- Strategic asset allocation – definition and formulation
- Principal asset characteristics - expected return and volatility (risk)
- Typical strategic weightings and a stylized investment cycle
- Tactical asset allocation
- The concept of correlation
- Diversification and the efficient frontier

KEY PLAYERS IN THE INVESTMENT DECISION PROCESS

- The asset allocation committee
- The Trustee Board and consulting actuaries
- The portfolio manager and the 'buy-side' analyst
- The centralized dealing desk

MANAGING AN EQUITY PORTFOLIO

- Active equity investment strategies – motivations and characteristics
- Styles: growth, income, value, technical etc.
- Passive equity investment
- Strategies – motivations and characteristics
- Methods: replication, sampling, optimization and synthetic
- Hedge funds: a different active strategy

MANAGING A FIXED INCOME PORTFOLIO

- Active fixed income investment strategies – motivations and characteristics
- Passive fixed income investment strategies – motivations and characteristics

FUND MANAGEMENT AND DERIVATIVES

- The major products: equity, debt, foreign exchange
- Equity options: volatility / delta /gamma
- Equity futures / equity swaps
- Fixed income derivatives / interest rate swaps
- Credit derivatives / default swaps

INVESTMENT PRODUCTS – AN OVERVIEW

- Pension funds – defined benefit and contribution
- Collective investment schemes –mutual funds, unit trusts & OEICs
- Investment trusts
- ISAs
- Exchange-Traded Funds (ETFs)
- Hedge funds – the new investors
- Private client wealth management

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