



PORTFOLIO MANAGEMENT PROGRAM ESMT BERLIN & HUMBOLDT UNIVERSITY

Handout – September/October 2021

The Portfolio Management Program (PMP) is an optional two-year elective, wherein selected students actively manage a real-money portfolio of 1 million Euro per group with a total portfolio value of 3 million Euro. The concept of the PMP enables participants to combine theory and practice and to not only develop real investing skills, but also to apply them. PMP students learn how to cope with the positive and negative dynamics of active investing and how to develop their own strategies in global markets.

Meeting Schedule (Preliminary)

We will provide a finalized version of schedule for the program in due course. Below is a preliminary meeting schedule and the key dates for HU and ESMT students (this might be subject to change).

Date	Time	Place	Topic	Content
PMP 2021/22				
Fr., 05.11.21	EOD	Online	Deadline	Application Deadline
2nd week of Nov	tbd	via Zoom	Interviews	Interviews will take place somewhere between Nov 9th and Nov 11th
PMP Winter term starts				
Fr., 12.11.21	14:30 - 16:00	via Zoom	Introduction	Introduction to the Program and allocation of students
Fr., 19.11.21	14:30 - 16:30	via Zoom	Group meeting	Groups meet individually with mentors
Fr., 26.11.21	14:30 - 16:30	via Zoom	Manager Presentation	Managers give an update about trades & performance
Fr., 03.12.21	14:30 - 17:30	via Zoom	PMP Seminar	Portfolio Management Seminar and General Discussion w. G. Leitner
Fr., 10.12.21	14:30 - 16:30	via Zoom	Analyst Presentation	Analysts present new ideas or projects
Fr., 17.12.21	14:30 - 17:30	via Zoom	PMP Seminar	Portfolio Management Seminar and General Discussion w. G. Leitner
Christmas Break - Invest, monitor the Portfolio and send monthly updates - No presentations take place				
Fr., 07.01.22	14:30 - 17:30	via Zoom	Manager Presentation	Managers give an update about trades & performance
Fr., 14.01.22	14:30 - 17:30	via Zoom	PMP Seminar + Group M.	Portfolio Management Seminar and Group Meeting
Fr., 21.01.22	14:30 - 17:30	via Zoom	Analyst Presentation	Analysts present new ideas
Fr., 28.01.22	14:30 - 17:30	via Zoom	PMP Seminar + Group M.	Portfolio Management Seminar and General Discussion w. G. Leitner
Fr., 04.02.22	14:30 - 17:30	via Zoom	Group meeting	Groups meet individually with mentors
Fr., 11.02.22	14:30 - 17:30	via Zoom	PMP Seminar + Group M.	Portfolio Management Seminar and General Discussion w. G. Leitner
Fr., 18.02.22	14:30 - 17:30	via Zoom	Macro Challenge presentations	Winners will present their reports & discussion
Fr., 25.02.22	14:30 - 17:30	via Zoom	PMP Seminar + Group M.	Portfolio Management Seminar and General Discussion w. G. Leitner
Fr., 04.03.22	14:30 - 17:30	via Zoom	Analyst Presentation	Analysts present new ideas
Fr., 11.03.22	14:30 - 17:00	via Zoom	PMP Seminar + Group M.	Portfolio Management Seminar and General Discussion w. G. Leitner
Fr., 18.03.22	14:30 - 17:00	via Zoom	Manager Presentation	Managers give an update about trades & performance
Fr., 25.03.22	14:30 - 17:00	via Zoom	PMP Seminar + Group M.	Portfolio Management Seminar and General Discussion w. G. Leitner
Fr., 08.04.22	14:30 - 17:00	via Zoom	Analyst Presentation	Analysts present new ideas
Fr., 15.04.22	14:30 - 17:00	via Zoom	Group meeting	Groups meet individually with mentors
Fr., 22.04.22	14:30 - 17:00	via Zoom	Group meeting	Groups meet individually with mentors
Fr., 29.04.22	14:30 - 17:00	via Zoom	Manager Presentation	Managers give a final update about trades & performance
Fr., 06.05.22	14:30 - 17:00	via Zoom	Analyst Presentation	Analysts discuss the current asset allocation and prepare for the handover
PMP Year II: Manager Period starts after Portfolio Handover Mid May 2022 - Performance Handover Date: 6th of May 2022				
Fr., 20.05.22	14:30 - 17:00	via Zoom	Graduation Presentations	Managers present a recap of their PMP experience

Application Procedure

Interested students are invited to send their complete applications to pmp@esmt.org by **November 5, 2021 (for both, ESMT and HU students) at the latest**. Then, potential candidates will be shortlisted and invited for an interview. All selected participants will receive a notification by **Monday, November 8, 2021**. Interviews will take place between **November 9 and 11**. The first **kick-off meeting** will take place on **November 12, 2021**, where all PMP candidates meet. At the kick-off meeting, the tutors will introduce the program and the three different groups. Afterwards, students can opt for a preferred group. However, we have to ensure that there is enough diversity among these (perceived skill- and university-wise).

All applications should include the following material (**aggregated in a single PDF and ordered as follows**):

1. Curriculum vitae
2. Letter of motivation (describe your background and motivation for the PMP)
3. Transcripts (most recent grades)
4. References of employment (if applicable)

Within the letter of motivation, **please answer the following questions**:

1. What is the PMP and which of your skills do you think will be valuable for the program?
2. Which PMP group do you want to join and why?
3. If you are selected, what kind of challenges in the current investment environment will you probably face as portfolio manager?



PMP Group Structure & Strategies

1. ZZ-Group – Emerging & frontier markets fixed income
2. Quantitative Risk Premia (ESMT) – Systematic harvesting of risk premia across all assets
3. Best Academia (HU) – Asset management based on state-of-the-art academic research

The corresponding strategies are:

1. The ZZ group will be mentored by Managing Directors of ZZ Vermögensberatung AG and by Mr. Peter Pühringer. We implement mainly a FX and fixed income carry strategy with a focus on emerging markets. The strategy comes closest to the industry definition of global macro investing. Additionally, value investments play an important role here. Also, exposure to other risk premia could be of interest (e.g. volatility). Moreover, the duration factor is of interest for long-term investments here (due to the big interest rate differential and possible movements in long-term interest rates and their effects on bond investments).
2. ESMT's group will develop a strategy mentored by Dr. Gerald Leitner, who serves as an executive in residence at ESMT. Mr. Leitner has a vast amount of experience in the hedge fund industry and will help shaping the investment strategy. A systematic cross-asset risk premia based approach with a stronger equity focus than the other groups could be an interesting starting point for this group.
3. Humboldt's group will be mentored by Prof. Stomper and Prof. Adam, who follow a strategy that is strongly influenced by academic findings, that is with an emphasis on political risk (see "Political risk and expected government bond returns" by Duyvesteyn, Martens and Verwijmeren, JEF 2016), as well as other risk premia based approach.

Benchmarks for the three different strategies will be defined within the next weeks. The target return for every group will be around 12% p.a. given a volatility lower than 20%.

Attendance Ratio and Grading

We propose a minimum attendance ratio of 75% over the two years. Not meeting this requirement will lead to dropping out of the program. Still, students are advised to attend as often as possible and should be used to doing so from different other courses anyway.

Depending on the curriculum of the university, the PMP can be selected either as specialization or elective. If the university is not officially affiliated with the PMP at the moment, it is offered as an extracurricular activity and participants are not eligible for grading and ECTS. At the moment, ESMT will not students a number of credits for participating in the PMP, while HU does. Therefore, a grading mechanism must be in place. The final grade for the PMP will depend on a weighted average of the following factors:

- Attendance ratio
- Number and quality of presentations held during the years
- Performance of the group as a whole
- Performance of the Portfolio

Additionally, we will employ a grading mechanism within the groups so every group member can evaluate if the workload was evenly distributed among all members. This procedure should ensure that we minimize free-riding behavior in the PMP.

Project Members & Support

The term "Project Members" mainly relates to tutors and mentors. While tutors handle the "daily business" and help students implement their trade ideas as well as giving them feedback on those ideas, mentors define and discuss the strategic asset allocation and define the general strategy of the corresponding group's portfolio.

The involved professors, that are mentors to the groups, should also supervise the PMP meetings, grade the presentations and present interesting academic topics from time to time to the students on a reasonable level.

We encourage every interested student to apply for the PMP. If there are any questions regarding the structure of the program or the content, please do not hesitate to send a mail to pmp@esmt.org.