



Performance Measurement

Course participants will explore the fundamental concepts underlying performance measurement, including a brief introduction to essential statistical concepts.

Targeted Audience

Plan sponsors, consultants, wealth advisors and money managers.

Special Offer

Clients who register for this course will receive a complimentary 4-month subscription to FT.com. The Financial Times is the world's most respected financial newspaper, providing a broad assessment on finance, business and the industrial sector. The move to the electronic version follows an ongoing review of our environmental responsibilities as a global business and as part of the Pearson group. FT.com also has features that are not available in hard copy, such as: Special Reports, Alphaville, editor blogs, education sections and much more! Subscriptions will start within 6-8 weeks of the start of class and are limited to one subscription per client. (Please note: as of May 1, 2011, the electronic subscription replaces the hard-copy 3-month Financial Times subscription.)

Advance Preparation

No advance preparation required.

Prerequisites

None.

Alumni Comments

"Instructor was able to explain complicated concepts."

"Joseph is a great instructor who did a great job of breaking down complicated theories."

"The examples and illustrations were detailed and described the materials precisely."

Follow-Up Courses

Probability and Statistics for the Finance Professional

Level: Basic

CPE Credits: 14.0

Instructional Method: Group-Live

Detailed Outline

Statistical concepts: probability distribution

- . Mean
- . Variance and standard deviation
- . Skewness
- . Kurtosis
- . Covariance
- . Correlation

Statistical concepts: the relationship between a stock market and the market portfolio

- . Market portfolio
- . Characteristic line
- . Beta
- . Residual variance

Performance measurement: using risk-adjusted returns

- . Sharpe's measure
- . Treynor's measure
- . Jensen's measure

Risk-adjusted performance (RAP)

- . Definitions and notation
- . Sigma as a measure of risk
- . RAP as a tool for optimal portfolio selection
- . RAP versus other measures of risk-adjusted performance
- . Application of the RAP measure

Qualifications of the RAP approach

- . Historical versus future performance
- . Alternative measures of risk
- . Arithmetic versus geometric returns
- . Tracking error and the information ratio

Determining a fund's effective asset mix

- . Thinking about asset allocation
- . Determining manager styles
- . Determining the effective asset mix
- . All-or-none versus mixed classification
- . Inferring manager style from historic returns
- . Applying the approach
- . Representative manager styles
- . Fund returns

Returns-based style analysis

- . The theory
- . Using style indexes to build customized benchmarks
- . Testing style benchmarks
- . Style analysis for the total equity fund
- . Return based analysis for international managers

Style briefs (using Zephyr software)

- . Selecting assets
- . Efficient frontier graph
- . Tracking a benchmark
- . Allocation table
- . Changing forecasts
- . Managers as asset classes
- . Comparing multiple portfolios

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