

# Portfolio Management Program in Vienna



The Portfolio Management Program (PMP) provides students an ideal platform to apply state-of-the-art concepts and recent developments from academic and applied research to “real-money” asset management. The innovative teaching concept enables students to combine theory and practice by not only learning from brilliant academics and practitioners, but also by experiencing the real market behavior. Therefore, students go through a two-year program with managing real money portfolios with over € 1 million assets under management each.

## Background

In 2002 DI Peter Pühringer, the founder of ZZ Vermögensverwaltung GmbH, approached Vienna finance professors Engelbert Dockner and Josef Zechner to discuss a potential cooperation between their university and his asset management company. During one of the discussions Professor Zechner shared his experience with an innovative student managed fund at the University of British Columbia. This project, which served as a role model for the PMP in Vienna, featured finance students managing real-money and thereby gaining valuable practical experience in the field of asset management to supplement their studies at the university.

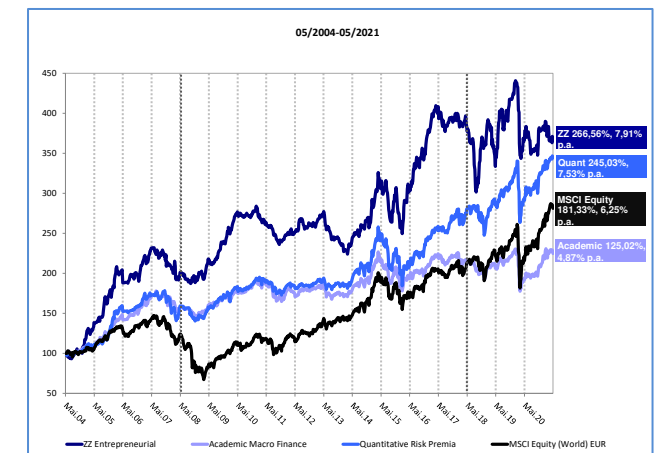
Founded in 2003 by DI Pühringer and the Professors Dockner and Zechner, the Vienna PMP represented a new approach to “education” which was unique for continental Europe. From the beginning the PMP has been designed as a two-year program, where students act as analysts in the first year and progress as portfolio managers the second year. The first student cohort started in the 2003/04 school year and was divided into three cohorts. In May 2004 each of the groups was given a cash endowment of €333,333 with which to invest in financial markets. A second-year cohort was recruited to support the managers and to ensure the sharing of knowledge and continuity of the program. While in the early years each new generation of managers started with identical cash amounts, this aspect of the program was changed after David Swenson, the Chief Investment Officer of the Yale Endowment Fund, visited and gave a talk about his perspective on US Endowment strategies. Since then the initial investment amount was raised to 1 million for each of the three groups. To ensure the long-term investment approach of Swensen, the PMP portfolios began to be rolled over from one manager cohort to the next in 2008 and thereafter.

## The Groups

Students can choose between three different investment styles:

1. **The Entrepreneurial ZZ Group** uses the target asset allocation of the funds of ZZ Vermögensverwaltung. The goal of this investment approach is to systematically exploit market inefficiencies and lock-in returns linked to cash flow yield for all asset classes. The focus lies on opportunities, cash flow focus, anticyclical investing and active exposure management. Traditionally the focus has been on currencies and fixed income products in emerging and frontier markets.
2. **The Academic Macro-Finance Group** focuses on macroeconomic dynamics. Hence, the main task is to investigate the relation of macroeconomic variables and asset prices. However, any potential relation between measures of the real economy and the time-series and cross-section of risk premia of financial assets may be examined by the group and utilized.
3. **The Quantitative Risk Premia Group** analyzes, develops and implements factor models across asset classes. The aim is to construct a portfolio that is well diversified across various risk premia. Common factors are value, momentum, volatility, quality and carry.

In addition, you can see the performance chart of the PMP portfolios over the last years including a passive market portfolio (MSCI World).



Our graduates are professionals at ...



and many more.

## INFORMATION AND CONTACT

### Portfolio Management Program

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## Structure & Goals

Every year students are selected in a highly competitive interview process to join the two-year PMP program. The first-year students become financial *analysts* that get to know the portfolio and support the second-year students, who act as *managers* and are in charge of the actual asset management process. This structure ensures that portfolio decisions are coordinated among analysts and managers, which is crucial since the portfolios are rolled over to the next student cohort once a year.

The PMP meetings take place on a weekly basis and can be broadly classified into the following four categories:

1. **Manager Meeting:** The managers present a portfolio update referring to current performance, risk measures and give an update of the trades that were done and those that are planned. They are also asked to present a general market outlook with respect to their portfolio composition or an academic paper that could enhance the strategy. The managers also have to prepare a discussion (critique) of the manager presentation of another group.
2. **Analyst Meeting:** The analysts present their research on market regions, asset classes or investment strategies that are linked to their current portfolio composition. Additionally, they are asked to present new and innovative concepts that are discussed with their managers and tutors in advance.
3. **Expert Talk:** Approximately three times per semester top academic researchers and experts in the field of financial markets give a talk on their state-of-the-art research and current financial market issues.
4. **Technical Meeting:** This involves the preparation of an exercise related to a specific subject. Each student group solves a set of empirical asset management problems and presents it along with a lecture typically by one of the PMP professors.

## Mentoring

Besides the theoretical knowledge you gain in your master program you receive practical assistance for investment decisions from experienced practitioners.

**Josef Zechner** is the Professor for Finance and Investments at WU Vienna. He has served as a mentor of the PMP since inception and assists the students with the implementation of innovative asset management ideas.

**Otto Randl** is Professor at the Department of Finance, Accounting, and Statistics at WU and VGSF. His focus in research and teaching is portfolio management, endowments, and asset pricing

**Richard Boulanger** is a Fund Manager at the ZZ Vermögensverwaltung GmbH and implements multi asset strategies for the ZZ Fund Family. Due to his longtime hands-on experience he is a tutor for the ZZ group and helps to implement the ZZ investment philosophy.

**Stephan Kranner** is an Equity Manager for the ZZ Vermögensverwaltung GmbH. After receiving his PhD with focus on long-term asset management strategies he joined ZZ and since then supports the Quant group in their daily business.

**Stefan Vincenz** is part of the ZZ Research Team with a focus on systematic trading strategies. He shares his practical knowledge with the Academic Macro-Finance group and supports the daily investment process.

Richard, Stephan and Stefan all were once part of the PMP Program.

**Giorgia Simion** works at the Research Institute for Capital Markets with the focus on banking. She supports all teams and is responsible for the technical meetings.