Portfolio Management Program in Vienna Austria
In 2002 Peter Pühringer, the founder of ZZ Vermögensverwaltung 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 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 Peter Pühringer and Professors Dockner and Zechner, the Vienna PMP represented a new approach to “Ausbildung” 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 students started in the 2003/04 school year and were divided into three cohorts. In May 2004 each of the groups was given an 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.
Moreover, the investment strategies of the three groups were redefined and set up such that they were to adopt the investment philosophies of the ZZ funds of the local money management firm, the Harvard and the Yale Endowment funds, respectively. 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.

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 Swensen, 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.
The performance chart of the PMP portfolios over the first 11 years since inception shows the performance of the three student managed funds in comparison to a passive market portfolio (MSCI World). It is notable that the universe of investments and strategies is far greater in the student managed funds than is just represented in the world equity index.
The 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. Thus the PMP is a very innovative teaching concept that enables students to combine theory and practice by not only learning from brilliant academics and practitioners but also by experiencing real market behavior. Students also learn how to work with financial data providers (e.g. Bloomberg), how to properly analyze financial data, how to make decisions within groups, how to execute trades and finally how to make presentations in front of critical audiences of their peers, professors and experts.

The three investment frameworks employed are as follows with respect to a target set of asset allocation weights:

ENTREPRENEURIAL PORTFOLIO MANAGEMENT
This 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 (“Rechnerische Rendite” or carry) for all asset classes. Traditionally the focus has been on emerging market currencies and fixed income.
All groups are also required to set up an adequate risk management process as well as develop a suitable documentation and controlling process within the predetermined framework.

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.

**PASSIVE PORTFOLIO MANAGEMENT**
This group uses the target asset allocation of the Harvard Endowment Fund. The goal of this approach is to invest through passive investment instruments such as exchange traded funds (ETFs). This is supplemented by an active management part allowing for systematic deviation from the target allocation in order to seize market opportunities.

**PORTFOLIO MANAGEMENT BASED ON ACTIVE MANAGER SELECTION**
This group utilizes the target asset allocation of the Yale Endowment Fund. The goal of this approach is to achieve sustainable excess returns by actively selecting the best managers. This is completed by an active management part that allows students to tactically adjust the target allocation in order to exploit market opportunities.
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 and risk measures. Additionally, they 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. 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

Peter Pühringer is the founder of the POK Pühringer Privatstiftung and initiator of the PMP. He also founded the Research Institute for Capital Markets in cooperation with WU (Vienna University of Economics and Business) to make a contribution to modern portfolio theory and combine it with practical implementation. Since the beginning of the PMP program he is mentor of the ZZ group, which achieved outstanding success using the strategic concepts of ZZ.

Engelbert Dockner is Professor for Finance and Corporate Strategy at WU (Vienna University of Economics and Business) and together with Professor Zechner and Peter Pühringer he is one of the founders of the PMP. Since the beginning of the PMP program he serves as mentor of the Yale group and supports the students with the investment process.
JOSEF ZECHNER

Josef Zechner is Professor for Finance and Investments at WU (Vienna University of Economics and Business). He is mentor of the Harvard group and assists the students with the implementation of innovative asset management ideas.

NEAL STOUGHTON

Neal Stoughton holds the Professorship for Endowment Management at WU (Vienna University of Economics and Business), which is sponsored by the POK Pühringer Privatstiftung. Together with Professor Dockner he is the director of the Endowment Institute at WU (Vienna University of Economics and Business). Since 2011 he serves as mentor to all three PMP groups.
**Georg Cejnek** works for ZZ Vermögensverwaltung as Head of Research and completed the PMP in its 6th year. Together with Richard Franz he manages the EMP Global Macro Fund, which is the cornerstone for a future university endowment at WU Vienna. He is the tutor for the Yale group and helps with his expertise to implement the Yale investment philosophy.

**Florian Mandl** is Equity Manager at the ZZ Vermögensverwaltung and is working as an asset manager in equity market strategies since he finished the PMP in its 5th year. Due to his longtime hands-on experience he is the tutor for the ZZ group and helps to implement the ZZ investment philosophy.

**Richard Franz** works at the Research Institute for Capital Markets and successfully finished the PMP in its 6th year. Together with Georg Cejnek he is responsible for the EMP Global Macro Fund. He shares his knowledge in fund management with the Harvard group and supports the daily investment process.
Our graduates are professionals at …
INFORMATION AND CONTACT
WU (Wirtschaftsuniversität Wien)
Welthandelsplatz 1/D4, 1020 Vienna Austria
www.wu.ac.at

Portfolio Management Program
Institut für strategische Kapitalmarktforschung
Coburgbastei 4, Top 5, 1010 Vienna, Austria
pmp@iskwien.at
www.iskwien.at

Arriving by public transport:
Subway: U2 stations “Messe-Prater” or “Krieau”
Bus: 82A, “Südportalstraße” stop