

**THE UNIVERSITY OF HONG KONG  
SCHOOL OF ECONOMICS AND FINANCE  
FINA3334B – Private Banking and Wealth Management**

<b>GENERAL INFORMATION</b>	
<p>Instructor: Prof. S.F. Wong</p> <p>Email: sfwong1@hku.hk Office: K.K. Leung Room 829 Phone: 3917 7767 Consultation time: Monday and Wednesday, by appointment only</p> <p>Lecture time: Semester 1, Wednesday 9:30 am – 12:20 pm Venue: MB237</p> <p>Tutor: Jason Tse Email: jasontch@hku.hk Office: K.K. Leung Room 1026 Phone: 2857 8308</p> <p><b>Pre-requisites:</b> FINA2802/FINA2320 Investments and portfolio analysis and FINA0301/FINA2322 Derivatives</p> <p>Co-requisites: N.A. Mutually exclusive: N.A.</p> <p>Course Website: The HKU Moodle site via each student's HKUPORTAL login</p>	
<b>COURSE DESCRIPTION</b>	
<p>This course is an introduction to the fundamentals of private banking and wealth management for High Net Worth (HNW) individuals. Topics covered include, but are not limited to, an overview of the Asian private banking and wealth management industry with particular emphasis on the Greater China market; portfolio management and asset allocation; investment advisory and credit risk functions; tax and wealth planning for mobility, retirement and estate; behavioral finance; client relationship management; business ethics and professional standards; and laws, regulations and compliance issues.</p>	
<b>COURSE OBJECTIVES</b>	
<p>The course provides a conceptual and practical approach to private banking and wealth management. In addition to the basic knowledge, techniques, and tools used by practitioners in the industry, students will also understand and appreciate the importance of risk management, ethics, laws, regulations, and compliance aspects of the industry.</p>	
<b>COURSE LEARNING OUTCOMES</b>	
<b>Course Learning Outcomes</b>	<b>Aligned Faculty's Overall Goals</b>
CLO1. To understand the basic functions, structures, and business models of the Asian private banking and wealth management industry for HNW clients with particular emphasis on the Greater China market.	Goals#1,2,3,4
CLO2. To understand the application of basic investment theory to portfolio management and asset allocation. Alternate assets will also be discussed.	Goals#1,2,3,4
CLO3. To understand the investment advisory function and the risk management issues involved in providing credit and leverage to clients.	Goals#1,2,3,4
CLO4. To understand and apply the basic tools for tax and wealth planning, including mobility, retirement and estate planning, and tools such as trusts, foundations charitable organizations, and insurance.	Goals#1,2,3,4
CLO5. To understand the latest development and application of behavior finance.	Goals#1,2,3
CLO6. To understand the basic concepts of Know Your Clients (KYC) and effective client relationship management.	Goals#3,4

CLO7. To understand the business ethics and professional standards issues.	Goals#3,4
CLO8. To be aware and understand the applicable laws, regulations, including cross-border issues.	Goals#3,4,
CLO9. To develop skills to conduct research and deliver presentations on topics related to private banking and wealth management.	Goals#1,2,3,4,5

**COURSE TEACHING AND LEARNING ACTIVITIES**

Course Teaching and Learning Activities	Expected contact hour	Study Load (% of study)
T&L1.Lectures	33	25
T&L2.Assignments and Cases	30	22
T&L2 Term Project	30	22
T&L3.Consultation	1	1
T&L4 Self-Study	40	30
Total	134	100%

Assessment Methods	Brief Description (Optional)	Weight	Aligned Course Learning Outcomes
A1. Class Participation		5%	CLO1-9
A2. Assignments and cases		10%	CLO1-9
A3. Term Project		10%	CLO1-9
A4. Mid-Term Examination		25%	CLO1-9
A5. Final Examination		50%	CLO1-9
	Total	100%	

**STANDARDS FOR ASSESSMENT**

**Course Grade Descriptors**

A+ A A-	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe , apply, evaluate and synthesis
B+ B B-	Strong evidence of ability to fulfill the intended learning outcomes of the course at all levels of learning: describe , apply, evaluate and synthesis
C+ C C-	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning: such as describe and apply, but not at high levels of learning such as evaluate and synthesis
D+ D	Evidence of basic familiarity with the subject
F	Little evidence of basic familiarity with the subject

**Assessment Rubrics for Each Assessment**

Assessment Rubrics for Class Participation, Assignments and Cases, Term Project, Midterm Examination and Final Exam are the same as in

course grade descriptors.

#### Assignments and Cases

Homework assignments will consist of short structured /essay questions and case analyses.

#### Term Project

The main objective of the Term Project is to allow students to use the concepts and tools learned from the course for real world applications in the private banking and wealth management industry. Students will be assigned to groups of 5-6 each to work on a Term Project based on the course. Each group will select a topic subject to the approval of the Instructor. A final written report of the Term Project in PowerPoint will be submitted before an oral presentation during the last week of tutorial classes. Each student will be graded according to the performance of his/her group. However, the Instructor has the discretion to adjust the individual student's grade based on peer evaluation by each group member.

#### Midterm and Final Examination

Closed book midterm and Final Examination, in multiple choice and structured questions, will be based on material covered in lectures, including guest lectures, textbooks, homework assignments and cases, and assigned required readings. No make-up midterm or final exam will be provided except under special circumstances, e.g. medical leave and medical certificate must be shown as evidence according to the University's Examination Regulations.

### **COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE**

The lectures will cover the following topics. Market practitioners will also be invited to share their experience and views on the latest development of some of these topics.

- (1) Overview of the Asian Private Banking and Wealth Management Industry  
A brief overview of the functions, structures, and business models of the Asian private banking and wealth management industry with particular emphasis on the Greater China market for HNW clients.
- (2) Investment Theory, Portfolio Management and Asset Allocations  
The application of basic investment theory to portfolio management and asset allocations, including the use of leverage and alternative investment as an asset class.
- (3) Discretionary Portfolio Advisory, Investment Advisory, and the Credit Risk Functions  
The roles and functions of the discretionary portfolio advisory, the investment advisory, and the risk management of credit/leverage in clients' portfolio.
- (4) Tax and Wealth Planning  
The importance of tax and wealth planning, including mobility, retirement and estate planning and basic tools such as trust, foundations, charitable organizations, and insurance.
- (5) Behavioral Finance  
The latest development of the behavioral finance theories and their applications, including product design and client relationship management.
- (6) Client Management  
Know Your Clients (KYC), client risk profiling, sales process and product suitability, effective account planning and management.
- (7) Business Ethics and Professional Standards  
Business ethics and professional standards issues such as conflict of interest, suitability and appropriateness of products, risk disclosure, etc.
- (8) Applicable Laws, Regulations and Compliance  
The legal, regulatory and compliance aspects, including cross-border marketing for off-shore business and the latest regulations of HKMA, SFC, and the Code of Conduct to be published by the Private Wealth Management Association in Hong Kong (PWMA).

### **REQUIRED/RECOMMENDED READINGS & ONLINE MATERIALS (e.g. journals, textbooks, website addresses etc.)**

Required Textbook:

*"The New Wealth Management-The Financial Advisor's Guide to Managing and Investing Client Assets"* by Harold Evensky, Stephen M. Horan, and Thomas R. Robinson, John Wiley & Sons (2011)

References:

1. "Private Banking-Building a Culture of Excellence" by Boris F.J. Collardi, John Wiley & Sons (2012)
2. "Running Money-Professional Portfolio Management" by Scott D. Stewart, Christopher D. Piros, and Jeffery C. Heisler, McGraw-Hill International Edition(2011)
3. "Private Banking & Wealth Management In Asia" by K.C. Tew, Warrior Books (2014)
4. "The Destructive Power of Family Wealth" by Philip Marcovici, Wiley(2016)
5. "Study Manuals for the PWMA Examination on Enhanced Competence Framework (ECF) for the Private Wealth Management Industry Practitioners: Module 1 - Technical, Industry and Product Knowledge and Module 2 - Ethics and Compliance" published by the Hong Kong Securities and Investment Institute (HKSI) and Hong Kong Institute of Bankers (HKIB). (For more information about the PWMA and ECF, please see <http://www.pwma.org.hk>)

Additional required and optional reading materials will be distributed during classes and tutorials.

Lecture Notes:

Before each class students can download the lecture notes from the course website in Moodle.

**MEANS/PROCESSES FOR STUDENT FEEDBACK ON COURSE**

- conducting mid-term survey in addition to SETL around the end of the semester
- Online response via Moodle site
- Others: \_\_\_\_\_ (please specify)

**COURSE POLICY (e.g. plagiarism, academic honesty, attendance, etc.)**

**Academic Honesty**

Plagiarism (<http://aao.hku.hk/sy3/plan-of-study/exa-and-ass/plagiarism/>)

"Plagiarism is defined as the unacknowledged use, as one's own, of work of another person, whether or not such work has been published. It is a very serious academic offence and the University does not allow or tolerate plagiarism. Any student who commits plagiarism is liable to disciplinary action which can result in serious consequences – including expulsion from the University.

You are strongly advised to read the booklets "What is Plagiarism" and "Plagiarism and How to Avoid It" and to consult your teachers if you have any questions about how to avoid plagiarism."

**Cheating**

Cheating is another very serious academic offence. Any student who commits cheating on homework assignments or midterm or final examination will receive a grade "F" for the whole course. In addition, the case will be reported to the relevant Board of Examiners and/or the Senate of the University for further actions.

**Class Attendance and Work Load**

To maximize learning experience, students are strongly recommended to attend all the lectures, submit the homework assignments and cases on time and participate actively in class and in the preparation of the term project. The work load of this course is quite heavy and students are expected to spend at least 134 contact/study hours as described above.

**Class Conduct**

The guiding principle governing class conduct is mutual respect. All mobile phones must be switched off or on silent mode. No eating or drinking is allowed. Students should not disturb others in class.

**ADDITIONAL COURSE INFORMATION (e.g. e-learning platforms & materials, penalty for late assignments, etc.)**

**Penalty for Late Submission of Assignments and Term Project**

Any late submission of homework assignments, cases, or the Term Project will be subject to a 50% penalty deduction of the respective total marks per calendar day after 11:59 pm of the due date, unless prior written permission is obtained from the Instructor under special circumstances, e.g. medical leave.