Master of Science in Investment Management (MSIM) Program
Boston University School of Management

Portfolio Management Course Sequence

The two portfolio management courses, FI756 and FI700 represent the capstone of the MSIM degree. They are designed to offer students the opportunity to learn highly advanced techniques in asset allocation and portfolio management and apply them in real-world investment cases. Students have the opportunity to hear lectures from over 10 guest portfolio managers.

Course Overview – PORTFOLIO MANAGEMENT FI756

I. Summary of Course
- o Instructor: Scott Stewart, sstewart@bu.edu
- o Cases are examples of what students will face in industry
- o Lectures designed to provide tools necessary to effectively address cases
- o Textbooks:
  - *Primary:* Portfolio Management (draft) by Stewart, Heisler & Piros, McGraw Hill, 2007.
  - *Supplemental:* Managing Investment Portfolios, Maginn & Tuttle, Wiley, 1990; Managing Investment Portfolios, Maginn, Tuttle, Pinto & McLeavey, Wiley, 2007; Active Portfolio Management, Grinold & Kahn, McGraw Hill, 2000.

II. Summary of Deliverables
- Team:
  - i. 3 Written Case reports
  - ii. 3 Case presentations
- Individual:
  - i. Hand-in Homework
  - ii. Stock presentation
  - iii. On-line discussion of stock recommendations
  - iv. Final exam

III. Details of Work on Cases
- On presentation day, each team will
  - o Hand in written document
  - o Present casework
- Each hand-in/presentation focuses on one of three stages
  1) Client/Fund Objectives
  2) Client: Design of Product/Solution
     Fund: Portfolio Structure

3) Client: Implementation/Mechanics
   Fund: performance analysis presentation

IV. Stock Coverage Requirements

1) Each student must make one presentation during semester
2) Research report MUST be submitted to fund site ONE WEEK prior to allocation day. Students MUST read and comment on-line

V. Grading

PM CLASS

Assignment	**%**	**Evaluatee**	**Evaluator**
Cases	45%	Team	Instructor
Homework	5%	Individual	Instructor
Stock Performance Participation (presentation & discussion)	 5% 10%	 Sector Student	 Active Performance Instructor
Team Evaluation	15%	Student	Team
Exam	20%	Student	Exam Grade

Course Schedule: FI756

Class (3-Hour)	Topics	Reading
PORTFOLIO MANAGEMENT FI756		
1	Introduction to Portfolio Management Course Sequence	M&T Ch 1, MTPM Ch 1
	Client Objectives for Institutional Investors	M&T Ch 4 (p1-38), MTPM Ch 2 (p 63-101)
2	Client Objectives for Individual Investors	M&T Ch 3 (p1-25, skim 26-46), MTPM Vh 2 (p 20-50)
	Client Objectives for Portfolio of Securities	SPH Chapter 8 (p 46-49), 7 (38-47)
	Introduction to Mean-Variance Analysis	SPH Chapter 3
3	Introduction to Mean-Variance Optimization	SPH Chapter 3
	Team Training	
4	Defined Benefit Plans	
	Applications of Mean-Variance Optimization Techniques	SPH Chapter 3
5	Asset Allocation Inputs	SPH Ch 4 (read p1-11, 19-22, 47-50; skim p11-19, 22-46)
	Advanced Asset Allocation Techniques	Article #1 & 6, SPH Ch 5 (read 1-28, 49-62; skim 28-49)
6	Case Presentation: Stage One--Objectives	
7	The Investment Process	SPH Ch 6
	Introduction to Equity Investing	SPH 7(read p1-15, 24-26, 38-47; skım p16-24, 26-38), G&K Ch 19 (skim)
8	Portfolio Rebalancing, including Transaction Costs & Taxes	MTPM Ch 11, articles #3, 5, 8 and 9
	Manager Selection	SPH Ch 11 (p20-24), article # 2
9	Case Presentation: Stage Two--Asset Allocation	
10	Performance Measurement & Attribution	SPH Ch 13
		G&K 17 & 20 (skim), article #4
11	Bond Management	SPH Ch 9
12	Case Presentation: Stage Three--Implementation	
	Presenting to prospective clients, managing relationships	SPH Ch 7 (p38-39), Ch 14 (p10-16)
13	Equity Portfolio Construction	SPH Ch 8, article #2
14	Final Exam	
	Case Presentation: Fund Performance & Attribution	

Article List

1 Piros, Chris, "Asset Allocation: Seperating Alphas and Asset C lasses", MFS working paper
2 Stewart, Scott. "Is Consistency of Performance A Good Measure of Manager Skill?" Journal of Portfolio Management, Spring 1998
3 Perold, Andre."The Implementation Shortfall: Paper versus Reality" Journal of Portfolio Management, Spring 1988
4 Stewart, Scott. "Biases in Performance Measurement During Contributions" Financial Review, May 1987.
5 Stewart, Scott. "The Advantage of High Yielding Equities for Taxable Corporate Investors" New Directions in Finance ed. D. Ghosh and S. Khaksari, Routledge Publishing, 1995.
6 Stewart et al., "Constant Horizon Portfolio Insurance" in Portfolio Insurance
7 Hernandez, Cesar and Stewart, Scott"Active Management of International Equities: Is there a disconnect…?", Fidelity working paper
8 Treynor, "Only Game in Town", Financial Analysts Journal
9 Treynor, "The 10 Most Important Questions to Ask in Selecting a Money Manager", Financial Analysts Journal, 1990

Texts

SPH: Stewart, Heisler & Piros
GK: Grinold & Kahn
MT: Maginn & Tuttle
MTPM: Maginn, Tuttle, Pinto & McLeavey

Course Overview – INTEGRATED MANAGEMENT FI700

- LECTURES
  - Assorted topics on investments including Alternatives and Ethics
  - Guest Speakers
  - Performance attribution software workshop
  - Field Trip

- CASE PRESENTATIONS
  - Four sections including "measures for success"
  - Prepare bound handout
  - Present slide presentation
  - For Fund Presentation:
    - Follow up from PM presentation
    - Fund operation review & recommendations

- DELIVERABLES
  1. Professional case presentations including booklets
  2. 3-5 slide presentation for each student analyst on industry and stock

- GRADING

Assignment	%	Evaluatee	Evaluator
Cases	60%	Team	Instructor, Experts
Stock Coverage Performance	10%	Student	Active Performance
Stock Review	10%	Student	Instructor
Team Evaluation	20%	Student	Team

Course Schedule & List of Topics: FI700

Class	Topics	Hours	Reading
INTEGRATED MANAGEMENT FI700			
1	Case One Presentation	3	
	Guest Practitioner Guidance		
2	Equity Portfolio Risk Workshop One	4	SPH Ch 13
	Ethics One		SPH Ch 14
	Hedge Fund Investing One		SPH Ch 11
3	Case Two Presentation	3	
	Guest Practitioner Guidance		
4	International Investing	4	SPH Ch 10, article #7
	Emerging Markets		SPH Ch 10
5	Case Three Presentation	3	
	Guest Practitioner Guidance		
6	Equity Portfolio Risk Workshop Two	4	SPH Ch 13
	Hedge Fund Investing Two		SPH Ch 11
7	Fund Case Presentation	3	
	Student Stock Presentations		
8	Real Estate	4	SPH Ch 11
	Investment Advisory Organizations		
	Ethics Two		SPH Ch 14
9	Academic Research Session	2	
10	Equity Fund Discussion	2	