Class Objective: To familiarize students with approaches to asset management and the behavior of asset classes. Then to apply these concepts to the practice of managing the investment portfolio of a not for profit institution,

Texts:
David Swensen  *Pioneering Portfolio Management*
Naseem Taleeb *Fooled By Randomness* (to be completed by third class)
Harvard, , Yale and Hewlett Foundation Cases (Purchase on Harvard Business School Website)
Foote School Case (handout)
Additional readings are all available on the class website

Requirements: a paper on one of the following subjects due:

Active vs passive investment management.
Evaluation of the proper allocation between domestic and international stocks

Active class participation in case discussions

Group Project: Foote School Case

Grading
35% individual papers
35% final exam
10% class participation
20% Group project Foote School
Jan. 26

1. What is Special About Asset Allocation for Not for Profit Institutions
   Swensen Introduction and Chs 1 -3

2. Approaching an Investment Strategy
   Stanyer Ch. 1

Feb 2

   Stanyer Chs 2 and 3

2. Rational and Irrational Markets
   Shiller, *Irrational Exuberance* pp. 171 -191
   Malkiel, *A Random Walk Down Wall Street* Ch.11

Feb 9

1. Asset Allocation Theory and Practice
   Loyola Marymount Finance 325 Charles Higgings Podcasts (on itunes):
   “Returns and Statistics”
   “Portfolio Theory”
   Swensen Ch.5
   Stanyer Ch 4 and 5

2. The Active/Passive Debate
   Swensen 72 -83
   Malkiel, *Passive Investment Strategies and Efficient Markets*
   Malkiel, *Arithmetic of Active Investing*
   Hsu and Campollo, *New Frontiers in Index Investing*
Feb. 23

**Asset Class: US Equities**
Stayner Ch 7
Swensen pp 151 - 158

March 2

**Asset Class: International Stocks**

Material From Jeremy Siegel, *Stocks For The Long Run*
Swensen 169 -180
Stanyer 105 -114

March 16

**Asset Classes Fixed Income**
Swensen pp 161 - 169, 349 -374
Tiff Paper: Tending Towards TIPS
Stanyer Ch 8

March 23
1. *Harvard Case and Vanderbilt Case Discussions*
2. **Derivatives :**
   Malkiel Random Walk Down Wall Street 387 -419

March 30
1. **Alternative Asset Classes : REITS, Commodities, Private Equity and Absolute Return Strategies**
   Swensen Ch 8
   Stanyer Chs  9 -11

2. **Socially Responsible Investing**
April 20

1. Class Discussion: Hewlett Endowment Case and Yale Endowment Case

2. 2008: The Clash of Theory and Market Reality; What Happened to Endowments (and everyone else)
   Economist magazine article and other materials on website

3. Organizing the Investment Committee
   Swensen Chapter 10
   Chesnut Hill Healthcare Foundation Investment Policy Statement
   Univ of California Investment Policy Statement (skim)

April 27:

1. Choosing/Evaluating Managers and Strategies
   Swensen Ch 9,
   Andre Perold, *Measuring Mutual Fund Performance*

2. Rebalancing/Maintaining Strategy/Behavioral Finance in Action
   Swensen, pp 132 -136
   Articles on website

3. Madoff and Not For Profits: what went wrong and what can be learned
   Articles on website

4. Visitor from Investment Management Committee of a Not For Profit and/or Asset Management Firm
May 4.

Group presentations of Foote Case