Management 465                  Lawrence Weinman

Investment Management

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*
Peter Stanyer  *The Economist Guide to Investment Management*
Justin Fox,  *The Myth of the Rational Market* (for review essay )
Harvard, Yale and Hewlett Foundation Cases (Purchase on Harvard Business School Website)
Foote School Case (handout)
Additional readings that are all available on the class website(moodle) *Be sure to check moodle regularly for updates!*

Requirements:

1. 2 page memo to an investment committee on one of the following
   - Active vs passive investment management.
   - Proper allocation between domestic and international stocks

2. Review Essay 5 -7 pages on *The Myth of the Rational Market* by Justin Fox
   
   **Both due first class after spring break**

3. Active participation in class discussions of cases
4. Group Project: Foote School Case due last class.
5. Final Exam

Grading
15% memo
25% review essay
25% final
15% class participation
20% Group project Foote School

Jan. 25
1. *What is Special About Asset Allocation for Not for Profit Institutions*
   Swensen Introduction and Chs 1 -3
2. Key Vocabulary in Investments and Financial Markets

3. Approaching an Investment Strategy
   Stanyer Ch. 1

Feb 1
   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
   (Fox Chapters 10 -11)

Feb 8
1. Asset Allocation Theory and Practice
   Loyola Marymount Finance 325 Charles Higgins Podcasts (on itunes):
   “Returns and Statistics”
   “Portfolio Theory”
   Swensen Ch.5
   Stayner Ch 4 and 5
   (Fox, Chapter 3 -4)

2. The Active/Passive Debate
   Snsen 72 -83
   Malkiel, *Passive Investment Strategies and Efficient Markets*
   Malkiel, *Arithmetic of Active Investing*
   Hsu and Campollo, *New Frontiers in Index Investing*
   (Fox, Chapter 7)

Feb. 22
   Asset Class: US Equities
   Stayner Ch 7
   Swensen pp 151 - 158
March 1
**Asset Class International Stocks**
Material from Jeremy Siegel, *Stocks For The Long Run* (moodle)
Swensen 169 -180
Stanyer 105 -114

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

March 15
1. **Harvard Case and Vanderbilt Case Discussions**
2. **Derivatives**:
   Malkiel *Random Walk Down Wall Street* 387 -419 (moodle)

March 22
1. **Alternative Asset Classes : REITS, Commodities, Private Equity and Absolute Return Strategies**
   Swensen Ch 8
   Stayner Chs 9 -11

2. **Socially Responsible Investing**
   Social Investment Forum Foundation Booklet
   Kld Investment Index descriptions

April 12
1. **Class Discussion: Hewlett Endowment Case and Yale Endowment Case**
   Check moodle for more recent Yale Endowment Annual Reports
2. **Organizing the Investment Committee**
   Swensen  Chapter 10
   Chesnut Hill Healthcare Foundation Investment Policy Statement
April 19:

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

April 26: 2008 -2009 Market Meltdown and Recovery: What Have We Learned?

1. **2008: The Clash of Theory and Market Reality; What Happened to Endowments (and everyone else)**
   Economist magazine article and other materials on website

2. **Is Modern Portfolio Theory Dead? New Guidelines for Portfolio Management**
3. **The Debate over Market Regulation**

   Review Fox esp pages 249 -329

May 3

**Group presentations of Foote Case**