

**BA in Management Program**  
**Spring 2024**  
**FIN 499 - Wealth Management**

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**Office Hours:** By appointment

Type	Time	Days	Where
Class	17:40 – 20:30	Thursday	Sabancı Business School G13-G14

**Course Objective:**

This course is designed to provide you a hands-on experience about the practical aspects of portfolio and wealth management after a quick review of theoretical aspects. By the end of the course, the students will have built a portfolio management notion by thinking on real world problems. Thus, they gain a practitioner’s touch by actively following markets and learn about the basic investment principles of major investment styles and some successful investors. The course outline and material are particularly aligned with the CFA Program and they cover various topics in accordance with the CFA Institute Candidate Body of Knowledge both in terms of relevance and rigor.

**Learning Outcomes:**

Upon successful completion of this course, the student should be able to:

1. understand economics & finance, asset classes and markets, individual and/or institutional investors from the perspective of a practicing portfolio manager,
2. explain the purpose and function of a market, key ideas about market efficiency understand the relationship between risk and expected return and how it is linked to optimal portfolio structures and security market valuation
3. identify and interpret the components of an investment policy statement,
4. discuss the role, and a framework for, capital market expectations in the portfolio management process,
5. distinguish between asset classes such as equities, fixed income, and alternative investments with regards to portfolio management, and
6. understand portfolios are monitored and rebalanced.

**Course Material:**

**Required Textbook:** “Managing Investment Portfolios: A Dynamic Process” 3<sup>rd</sup> edition, by John L. Maginn, CFA ; Donald L. Tuttle, CFA ; Dennis W. McLeavey, CFA ; Gerald E. Pinto, CFA – John Wiley & Sons – ISBN-13: 978-0470080146

### **Optional Reading Material:**

Recommended Textbooks: “Investments Analysis and Portfolio Management” 10<sup>th</sup> edition by Frank K. Reilly, Keith C. Brown – South-Western Cengage Learning – ISBN-13: 978-0538482387

“Investments” 10<sup>th</sup> edition by Zvi Bodie, Alex Kane, Alan J. Marcus – McGraw Hill – ISBN-13: 978-0077861674

Recommended Additional Reading: Financial Times, Wall Street Journal, The Economist.

Although you will not be tested on the content of any of the recommended reading in the final exam, I will expect to hear your class participation in the market update session that we will do in the beginning of each class. The slides and other materials will be provided electronically on SUCourse+ and on Drive.

List of Cases: There will be one Harvard case we will cover in the course:

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<b>Case 1</b>	<b>Harvard Management Company(2010)</b>
	<b>Case #: 9-211-004 Rev: 30 May 2012</b>

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The soft copies of presentations should be sent to the lecturer by email by Week #13.

### **Course Web:**

I will use SUCourse+ as the means of communication for the course. All the course material that you will need, including the presentations, problem questions and solutions, additional reading materials will be uploaded to SUCourse+. I will also send you emails to communicate with you via SUCourse+.

### **Instructional Design:**

This course is an opportunity for you to employ the theoretical concepts of finance to the practical quest of wealth management. Thus, it will consist of two distinctive parts. In the first part, a general overview of the theoretical background will be covered, and the second part will focus on the practical utilization on different real life wealth management cases. Class participation and interaction will be strongly encouraged and will be a significant part of your final grade, as it would enhance your understanding of such a practical subject.

From time to time, there will also be session starters, at which we interactively discuss recent market developments and phenomena that would enhance your market insight.

**Grading:**

Your grade will be based on the attendance & participation, problem sets, case presentations a required final exam.

Attendance	15%
Problem Sets:	15%
Case Presentations:	20%
Final Exam:	50%

Peer Evaluation in Teamwork

Unless otherwise stated, all group members will get the same credit for a collaborative study. If at least one student makes a complaint about a lack of contribution from some other members of the group, all students in the group will be asked to provide an evaluation of the members of their team.

Each student will divide 100 points between the members of her team, including herself. This division should reflect that person's judgment of the contribution of the members of her team. The scores should not be merely functions of time spent by each member, but they should be measures of the "contribution;" their relative contribution to the idea generation, research, analysis, writing, oral presentation, report writing, etc. If the team was highly functional, and each member did what they committed themselves to, then the student can assign the same mark to each member of the team. If, on the other hand, some members of the team did not fulfill their commitments and did not contribute as much as the others, then points can be distributed unevenly.

The points submitted by all members of the team will be aggregated by the instructor. Every student will be given his/her aggregate peer evaluation, without disclosing the individual peer evaluations to the students.

In case there is no consensus among the team, for example, if three students divide the marks evenly and the fourth one divides them unevenly, then the instructor will use his/her judgment to assign peer evaluation marks--possibly after meeting with the members of the team.

In cases where there are conflicting marks, it is most likely that the instructor will meet with the team members and provide a mark based on an interview. For example, in a group of four, if Students A and B believe they did most of the work, and Students C and D believe otherwise, the team may be called in for an interview in order to be fair to everyone.

Past experience indicates that there may be a few groups where peer evaluations will play a role in the marks. The primary goal of this exercise is to avoid giving undeserved credit to individuals who did not help their teams. However, it is possible to have upwards adjustments of marks in case of students who have done more than what the group expected of them.

In case it is performed, the peer evaluation will have a direct impact on the points that you get for the group study. To give a simple example, if the group mark is 25 out of 30, and if your peer evaluation indicates that your contribution was less than what was expected, then your mark will be less than 25 out of 30. There are no simple rules for adjustment.

**Requirements:**

Teamwork: Students will form groups (3 or 5 individuals), which will together hand in problem sets and the case presentation.

Problem Sets: Each group should hand in the hard copy solutions for their problem sets given in the course outline below. Each problem set will be graded and will have the same weight for the cumulative grade. The problem sets are very important, not only because they will make up 15% of your final grade and, additionally, some questions that you will see in the final exam will be similar to these problems.

Final Exam: Final Exam will be cumulative, in-class. There will be 4-6 essay type questions that are similar to ones that you would see in CFA Level3 examination. In order to be successful in the final exam, you should have a good understanding of the subject matter, which can only be achieved by attending and physically participating the classes, thinking about the concepts explained in the slides, solving problem set questions and preparing the Harvard business case. There is no guarantee that the questions will be similar to those in the problem sets. But understanding the problem set questions will definitely be helpful for you in the Final Exam.

Cellular Phone Policy: All cellular phones must be closed(not in airplane mode) during the Final Exam.

Letter grades are assigned at the end of the semester, based on the performance of the whole class. If I find the class average low, I may adjust the grades upwards. If the class average is high, I do not adjust the grades downwards.

Attendance: The material is overwhelmingly cumulative and there will be parts of the class which one cannot possibly cover outside the class. That is why I will take regular attendance and distinctively grade individual class participation. From time to time, I may choose to make short pop-quizzes which will be replace the attendance for that session.

Make-Up Policy: There is a *no-make-up* policy in this course. You are expected to be present at the indicated time and date for all sessions & the final examination. Saying that you have a prior commitment at work/internship or another exam on the same day does not absolve you from this responsibility. It is also unfair to other students who take the exams in the designated times if I start making exceptions to this rule, so please don't ask. If you are seriously ill or an emergency occurs and you cannot possibly attend an exam, you will need to bring in a valid doctor's report. If you miss the final exam you automatically fail the course.

Re-Grading: As careful as I try to be with regards to grading, mistakes sometimes do happen. I will share the solutions of the problems sets. Additionally, if you feel I have not marked your paper correctly, please come and see me.

Office Hours: I try to be available as much as I can outside of class and do not hesitate to contact me if you are having trouble with the material. Although I may not appoint official office hours as I am a practitioner, I am only a phone call or an email away from you. Just contact me if you need help on anything related to the course material.

## **Academic Honesty:**

Learning is enhanced through cooperation and as such you are encouraged to work in groups, ask for and give help freely in all appropriate settings. At the same time, as a matter of personal integrity, you should only represent your own work as yours. Any work that is submitted to be evaluated in this class should be an original piece of writing, presenting your ideas in your own words. Everything you borrow from books, articles, or web sites (including those in the syllabus) should be properly cited. Although you are encouraged to discuss your ideas with others (including your friends in the class), it is important that you do not share your writing (slides, MS Excel files, reports, etc.) with anyone. Using ideas, text and other intellectual property developed by someone else while claiming it is your original work is *plagiarism*. Copying from others or providing answers or information, written or oral, to others is *cheating*. Unauthorized help from another person or having someone else write one's paper or assignment is *collusion*. Cheating, plagiarism and collusion are serious offenses that could result in an F grade and disciplinary action. Please pay utmost attention to avoid such accusations.

You are expected to do your work in an ethical and conscious manner. I will assume that all students in the class will pursue for Chartered Financial Analyst designation in the near future and thus expect they behave consistently with CFA Institute's ethical standards.

## **Classroom policies and conduct**

Sabancı BA in Management Program values participatory learning. Establishing the necessary social order for a participatory learning environment requires that we all:

- Come prepared to make helpful comments and ask questions that facilitate your own understanding and that of your classmates. This requires that you complete the assigned readings for each session before class starts.
- Listen to the person who has the floor.
- Come to class on time.
- As a Sabancı University student, your use of CAFE constitutes your agreement to abide by the policies and rules set forth for users of the facility and your acknowledgment that policy violations may result in disciplinary action.
- If you use your laptop during class, it is only to be used for class activities such as taking notes or referring to a spreadsheet. You should not be doing any non-class activities during class time. Laptop usage may be forbidden if it is abused or if it distracts the professor or other students.

**Course Schedule\*:**

**This schedule is tentative and may be updates during the semester.**

DATE	TOPICS	Readings and Practice Questions from the Textbook
Week #1	Investment Setting Asset Allocation Decision	
Week #2	Markets Organization and Indexes Efficient Capital Markets	
Week #3	Introduction to Portfolio Theory	
Week #4	Introduction to Portfolio Theory Introduction to Asset Pricing Models	
Week #5	Security Valuation - Theory and Practice Company Analysis & Stock Valuation	<b>Problem Set #1 is due:</b> To be handed out
Week #6	Analysis of Bonds	

Week #7	<ul style="list-style-type: none"> <li>- Modern Portfolio Theory Review</li> <li>- Portfolio Management Process &amp; Investment Policy Statement</li> <li>- Managing Individual Investor Portfolios</li> <li>- Case: Inger Family</li> </ul>	<p style="text-align: center;">Maginn et al. Ch. 1, 2</p> <p><b>Problem Set #2 is due:</b> To be handed out</p>
Week #8	<p style="text-align: center;">Managing Institutional Portfolios</p> <ul style="list-style-type: none"> <li>- Foundations &amp; Endowments</li> <li>- Insurance Industry</li> <li>- Banks</li> </ul>	<p style="text-align: center;">Maginn et al. Ch. 3</p>
Week #9	<p style="text-align: center;">Managing Institutional Portfolios</p> <ul style="list-style-type: none"> <li>- Foundations &amp; Endowments</li> <li>- Insurance Industry</li> <li>- Banks</li> </ul>	<p style="text-align: center;">Maginn et al. Ch. 3</p>
Week #10	<p style="text-align: center;">Capital Market Expectations</p> <ul style="list-style-type: none"> <li>- Formulating Expectations</li> <li>- Economic Analysis</li> </ul>	<p style="text-align: center;">Maginn et al. Ch. 4</p> <p><b>Problem Set #3 is due</b></p>
Week #11	<p style="text-align: center;">Capital Market Expectations</p> <ul style="list-style-type: none"> <li>- Formulating Expectations</li> <li>- Economic Analysis</li> </ul>	<p style="text-align: center;">Maginn et al. Ch. 4</p>

Week #12	<p>Asset Allocation</p> <ul style="list-style-type: none"> <li>- Asset Allocation and IPS</li> <li>- Optimization</li> <li>- Strategic/Tactical Asset Allocation</li> </ul>	Maginn et al. Ch. 5
Week #13	<p>Wrap-Up Session</p> <p>Preparation For The Final</p>	<p><b>Problem Set #4 is due</b></p> <p><b>Harvard Case Presentations:</b> Harvard Management Company (2010)</p>
Week #14 23 May 2024	Final Exam (Last Week of the Course – Class Time)	