

Johnson Graduate School of Management, Cornell University

Portfolio Optimization & Asset Management

June 29-30, 2017

Professor Matt Baron

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Module Overview:

The course will cover topics in portfolio optimization and asset management.

Pre-reading:

1. HBS case study, Luis Viceira, “Investment Policy at the Hewlett Foundation”
2. “Corporate Finance”, 3rd Edition
  - Chapter 10. Capital Markets and the Pricing of Risk
  - Chapter 11. Optimal Portfolio Choice and the Capital Asset Pricing Mode

Detailed curriculum:

Session 1: The tools of disciplined investing (Thursday, June 29, 2–6:30 PM)

- 2:00 – 3:20 PM: Introduction to asset allocation. Diversification & portfolio optimization
- 3:30 – 4:40 PM: Value and momentum strategies
- 4:50 – 6:00 PM: Portfolio evaluation
- 6:10 – 6:30 PM: Case study overview

Session 2: Student prepare case study presentations (Friday, June 30, morning)

Session 3: Asset management in practice (Friday, June 30, 12:30–5 PM)

- 12:30 – 1:50 PM: Group presentations
- 2:00 – 3:00 PM: Mutual fund & hedge fund performance
- 3:10 – 3:50 PM: IPO investing
- 4:00 – 5:00 PM: Portfolio implementation: trading and transaction costs

Evaluation:

**For the 3 groups presenting:**

Students will also work in groups to put together a 20 minute presentation based on the case study. I will explain how this presentation should be structured on the first day of class. I will select 3 groups at random to present for 25 minutes each: 20 minute presentations + 5 minutes of class questions and discussion. Grades will be assigned only to those 3 groups.

**For the groups not presenting:**

Students will work in groups to answer the case study questions provided. Written answers must be submitted either electronically (baron@cornell.edu) or printed out. It is due by the start of the second class (12:30 PM on Friday). Each group needs to submit only 1 copy of the assignment for the whole group, and the grade assigned will be for the entire group.