

WEALTH MANAGEMENT

Module 5, 2017/18

Alexei Gorjaev
New Economic School
agorjaev@nes.ru

Valery Choumachenko
ChGK Digital
v.tchoumatchenko@mail.ru

Course description

In this course you will acquire practical skills of wealth management and personal financial planning. We will discuss the efficient use of financial instruments and interaction with financial intermediaries in managing risks and investments. Throughout the course, we will discuss the private banking approach to deal with these issues.

Course requirements, grading, and attendance policies

The course grade will be based on:

- Three home assignments: 70%
- Closed-book written exam: 30%

The final class will include the defense of the case solutions by the groups and written exam. Active class participation may add up to 5% bonus points (note that quality rather than quantity of your interventions will count).

Course contents

Class	Topic	Reading
1	<i>Read case: Rina Castillo</i> Personal financial planning. Why money is never enough? Personal financial goals based on the life cycle. Long-term personal financial strategy based on capital structuring. The wealth management industry. History and recent trends. Key business drivers. Major players: private banks, wealth managers, legal advisors. Client segments and their typical needs. Open vs. closed architecture. Offshore vs. onshore products.	[3] ch.1,7 [4] ch.1-4 [6]

Class	Topic	Reading
2	<i>Hand in & be ready to present Home assignment 1</i> How to manage risks. Major risks threatening personal financial goals. Role of the reserve fund and insurance. Different types of insurance. Pros and cons of the endowment life insurance. Financial intermediaries. Selection and evaluation of different types of financial intermediaries. Protection of consumer rights.	[4] ch.8-9
3	<i>Hand in & be ready to present Home assignment 2</i> How to invest money. Investment profiling, asset allocation, and portfolio rebalancing. Traditional investments (stocks, bonds, and mutual funds) vs. alternative investments (real estate, commodities, hedge funds, illiquid assets, etc.). Selection and performance evaluation of portfolio managers. Financial fraud. How to deal with fraud in bank cards, loans, investments, etc.	[3] ch.2-3,5,8 [4] ch.5-7
4	<i>Hand in & be ready to discuss the Rina Castillo case</i> Case defense and exam	

Description of course methodology

The course is taught as a mix of lectures with interactive discussions of key concepts and mini-cases. The classes will involve a lot of interaction between professors and students. We shall discuss the clash between academic and business views represented by the two professors. Students should prepare in advance to the classes by studying the assigned readings, be ready to present their home project assignments and actively participate in the discussions.

Sample tasks for course evaluation

Sample home assignment:

You should play the online [Portfolio](#) game with the goal of protecting your savings from inflation. The project should include the final report of the game containing the annual returns for the instruments you chose. In the project you should describe your investment strategy and motivate the choices you made through the game. In addition, describe what you would change in your strategy in the real world compared to the game.

Course materials

[1] is an excellent reading on investments summarizing many theoretical and practical insights. [2] is an investment guide for an individual investor, written by a very successful portfolio manager of Yale University endowment fund. [3] contains a lot of practical information on personal investment, from investor profiling to offshore investments, capital-protected products, and financial consultants. [4] is a popular reading on personal finance, discussing risks of

different financial instruments and containing many real-life stories. [5] is an advanced reading on private banking. [6] describes practical aspects of constructing a personal financial plan.

1. Antti Ilmanen, 2011, Expected Returns: An Investor's Guide to Harvesting Market Rewards.
2. David Swensen, 2005, Unconventional Success: A Fundamental Approach to Personal Investment.
3. Исаак Беккер, 2009, Не потеряй! О чем умолчал «папа» Кийосаки? Философия здравого смысла для частного инвестора.
4. Алексей Горяев, Валерий Чумаченко, 2011, Финансовая грамота.
5. Дэвид Мод, Филип Молино, 2003, Private Banking. Элитное обслуживание частного капитала.
6. Андрей Паранич, Личный финансовый план: инструкция по составлению.

Academic integrity policy

Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.