



Portfolio Management in a Bourstad simulation

Webinar for 2024 Bourstad Challenge participants
Thursday, February 15, 7 p.m.

Guest speaker:

Ms. Erika Toth, CFA, Director, BMO ETFs, Eastern Canada

Content


- Welcome
 - Portfolio management in a BOURSTAD simulation
 - The investor's profile
 - The investment strategy
 - Learning objectives
 - Portfolio Management Assessment in the Bourstad Challenge
- A Primer on the Canadian ETF Industry
 - Erika Toth, CFA, Director, Institutional & Advisory, Eastern Canada
BMO Global Asset Management





Portfolio management in the Bourstad Challenge

- ▶ The criteria used by the jury to evaluate the quality of the portfolio management are:
 - ▶ consistency of the fictitious-investor
 - ▶ choice of strategies and their consistency with the investor
 - ▶ transactions carried out according to the strategies in force
 - ▶ portfolio management follow-up according to the mandatory justifications provided
 - ▶ quality of the additional justifications
 - ▶ performance achieved in relation to the investor's objectives and profile
 - ▶ learning objectives achieved
 - ▶ consideration of responsible investment concepts

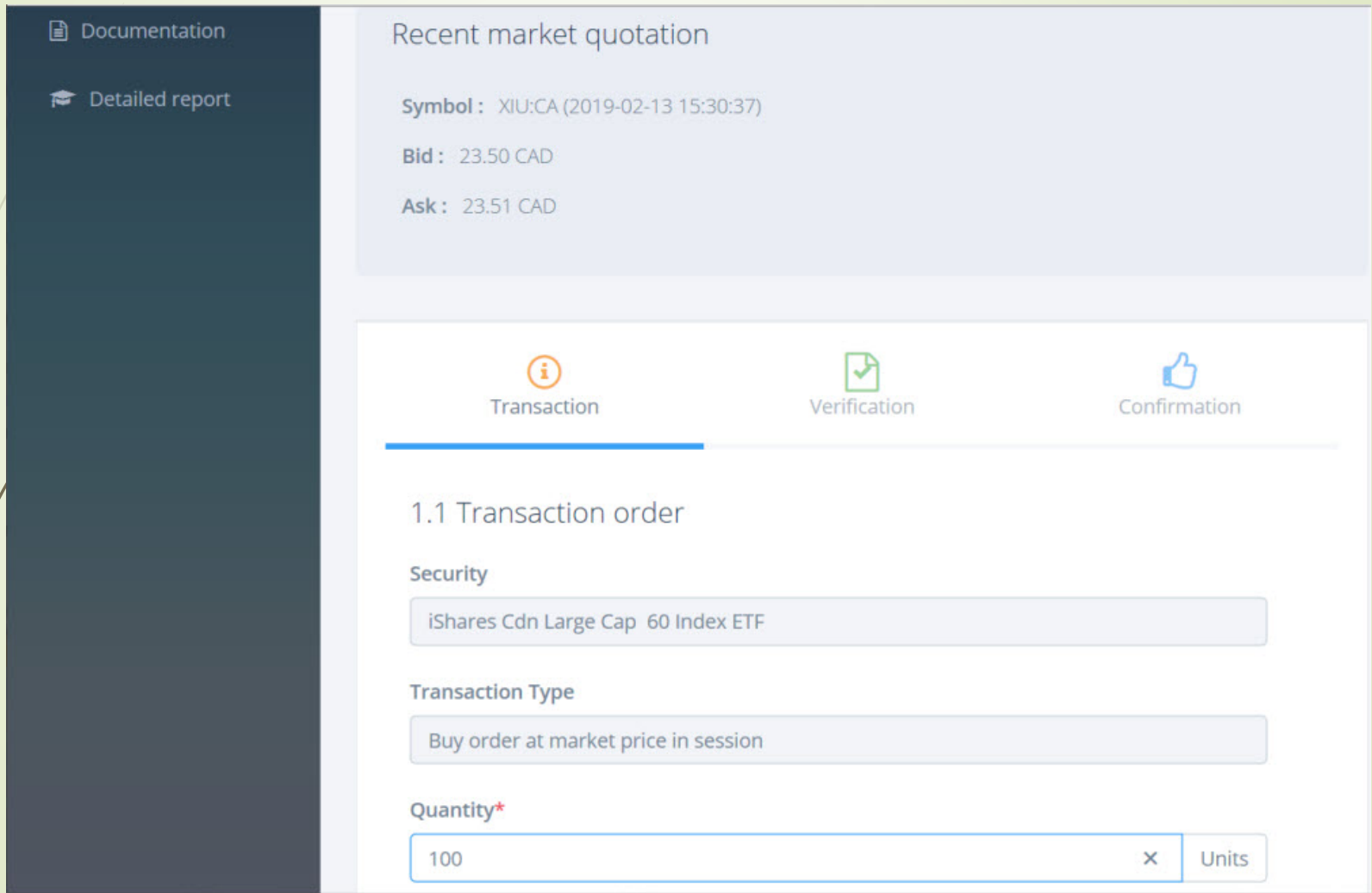


Portfolio management on the Bourstad platform

- The investor's profile
 - Who is your fictitious investor?
- The investment strategy (Portfolio management)
- Learning objectives

Many resources available in the documentation system

Transaction in a Bourstad simulation



The screenshot displays the Bourstad simulation interface. On the left is a dark blue sidebar with two menu items: 'Documentation' (with a document icon) and 'Detailed report' (with a graduation cap icon). The main content area is white and features a light blue header for 'Recent market quotation'. Below this, three data points are listed: 'Symbol: XIU:CA (2019-02-13 15:30:37)', 'Bid: 23.50 CAD', and 'Ask: 23.51 CAD'. A horizontal navigation bar contains three icons: an information icon labeled 'Transaction', a checkmark icon labeled 'Verification', and a thumbs-up icon labeled 'Confirmation'. The 'Transaction' section is active, showing a sub-section '1.1 Transaction order'. Under 'Security', a text input field contains 'iShares Cdn Large Cap 60 Index ETF'. Under 'Transaction Type', a text input field contains 'Buy order at market price in session'. Under 'Quantity*', a text input field contains '100', followed by a dropdown menu showing 'x' and 'Units'.

Documentation

Detailed report

Recent market quotation

Symbol: XIU:CA (2019-02-13 15:30:37)

Bid: 23.50 CAD

Ask: 23.51 CAD

Transaction Verification Confirmation

1.1 Transaction order

Security

iShares Cdn Large Cap 60 Index ETF

Transaction Type

Buy order at market price in session

Quantity*

100 x Units

Transaction in a Bourstad simulation (cont'd)

1.2 Quantitative Impacts on the Portfolio

Quantity held after the transaction Units

Liquid balance after transaction \$

1.3 Weight of asset types and business lines

Liquid assets ▼

Bonds ▼

Utilities ▼

Financial services ▼

Consumer products ▼

Industrial products ▼

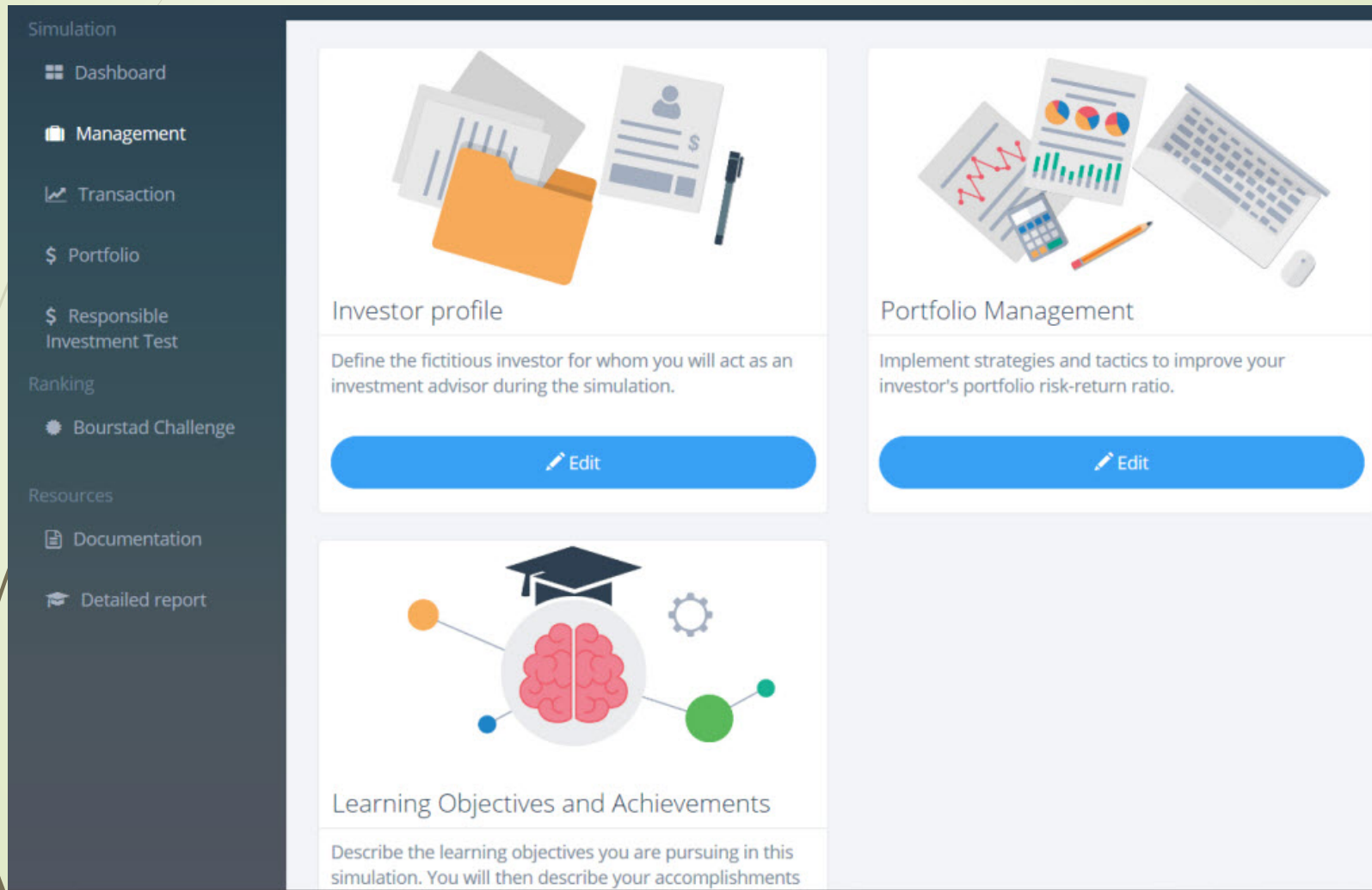
Natural resources ▼

1.4 Investment Objectives (changeable for 48 hours)

Income objective %

Targeted capital gain %

Portfolio management in a Boustad simulation



The screenshot displays the Boustad simulation interface. On the left is a dark sidebar menu with the following sections and items:

- Simulation
 - Dashboard
 - Management
 - Transaction
 - Portfolio
 - Responsible Investment Test
- Ranking
 - Boustad Challenge
- Resources
 - Documentation
 - Detailed report

The main content area features three cards:

- Investor profile:** Includes an icon of a folder, documents, and a pen. Description: "Define the fictitious investor for whom you will act as an investment advisor during the simulation." Edit button.
- Portfolio Management:** Includes an icon of a laptop, calculator, pencil, and charts. Description: "Implement strategies and tactics to improve your investor's portfolio risk-return ratio." Edit button.
- Learning Objectives and Achievements:** Includes an icon of a brain, graduation cap, and gears. Description: "Describe the learning objectives you are pursuing in this simulation. You will then describe your accomplishments"

Investor profile

Investor profile

Investor description Investment Information

Targeted performance as :

Income	<input type="text"/>	%
Appreciation	<input type="text"/>	%

Risk Tolerance

Investment Experience

Investment Knowledge

Total Assets \$

Total debt \$

Total Annual Income \$

Investor profile

Prudent

Middle

Speculator

Enregistrer les modifications? [Annuler](#) [Enregistrer](#)

Investment strategy

Portfolio Management

1. Approaches

What style of portfolio management will you use?

- Active (aims to exceed the return of the stock index)
- Passive (aims to match the performance of the stock market index)

What use will you make of each of these approaches? Click to choose the level.

Top-down approach



Bottom-up approach



2. Asset Class Weights and Risk Levels

How important will each sector be in the portfolio?

Fixed rate investments	%
Liquidity	<input type="text" value="0"/>
Bonds	<input type="text" value="0"/>
Stocks	%
Utilities	<input type="text" value="0"/>
Financial services	<input type="text" value="0"/>
Consumer products	<input type="text" value="0"/>

Industrial products

Save Changes?

Cancel

Save

Objectives and achievements of the participant

The screenshot shows a mobile application interface titled "Objectives and achievements". At the top right, there is a blue arrow pointing left and the text "Objectives and achievements". Below this, there is a blue plus sign followed by the text "+ Add a learning objective". The main content area contains a table with three columns: "Category ?" (with a question mark icon), "Learning Objective", and "Learning achievement". The "Category ?" column has a dropdown menu open, showing the following options: "Select a level" (highlighted in blue), "Remembering", "Comprehending" (highlighted in grey), "Applying", "Analyzing", and "Synthesizing". The "Learning Objective" and "Learning achievement" columns are empty text input fields. To the right of the "Learning achievement" field, there is a red minus sign icon. At the bottom of the screen, there is a "Save Changes?" label, a red "Cancel" button, and a blue "Save" button.

Category ?	Learning Objective	Learning achievement
<ul style="list-style-type: none">Select a levelRememberingComprehendingApplyingAnalyzingSynthesizing	<input type="text"/>	<input type="text"/>



Portfolio Management Assessment in the Bourstad Challenge

Portfolio Management Assessment Measures

- Formative evaluation in a Bourstad simulation
 - 5 measures
- Summative Evaluation in the Bourstad Challenge
 - 14 measures



Formative measures

- Realism of the investor's situation
 - Coherence between the investor profile and their risk sensitivity
 - Coefficient of learning index at the beginning of the simulation
 - Strategy vs Real Portfolio Weighting Gap
 - Portfolio investment rate
- 

Summative measures

- **Realism of the investor's situation**
- **Coherence between the investor profile and their risk sensitivity**
- Coherence between sector weights in the strategy in place on February 26th and the investor profile
- Coherence between sector weights in the strategy in place on March 25th and the investor profile
- **Coefficient of learning index at the beginning of the simulation**
- Estimation of learning realized during the simulation
- Financial performance considering the investor profile
- **Average liquid balance maintained during simulation**
- Compatibility of additional justifications with the fundamental / technical profile
- **Weight of sectors in the portfolio on February 26th Vs weightings of the investment strategy**
- **Weight of sectors in the portfolio on March 25th Vs weightings of the investment strategy**
- Assessment of the impact of transactions on the weights of the sectors in the portfolio
- Estimation of the liquid balance after transactions
- Taking into account risks related to corporate social responsibility (ESG)

Automated Evaluation of Portfolio Management - Dissemination

- ▶ Formative evaluation during the simulation
 - ▶ 5 evaluation measures
 - ▶ The participant consults his formative evaluation
 - ▶ On the participant's dashboard (Achievements)
 - ▶ In the detailed report accurately

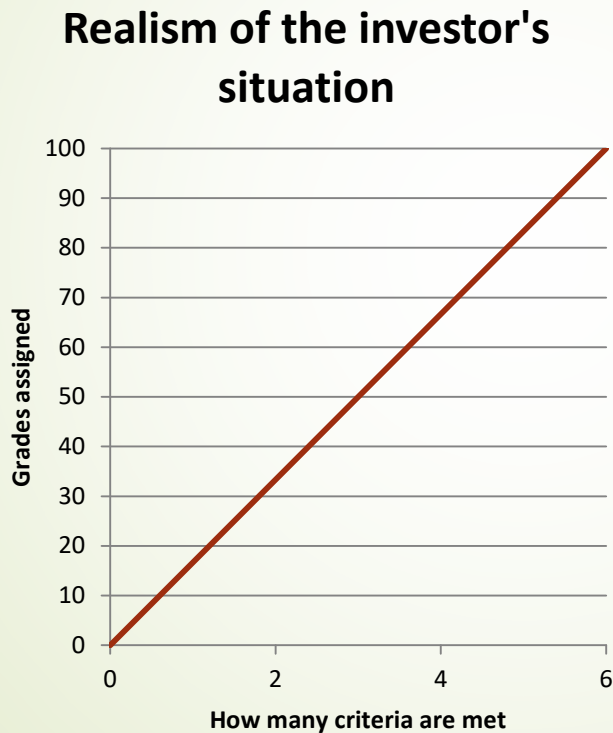
- ▶ Summative evaluation when simulation is complete
 - ▶ 14 evaluation measures
 - ▶ The participant's detailed report displays it when the simulation is over

The participant's dashboard

The dashboard is divided into three main sections:

- Resources (Left Sidebar):** A dark blue sidebar containing links for Documentation, Notifications, Detailed report, and Sign Out. The user's name, Ian Gascon, is also displayed.
- Calendar (Center):** A blue calendar for February 2024. The date 12th is highlighted in green, and the 15th is circled in blue. A tooltip for the 25th indicates a deadline: "Deadline to define the investor, the strategy et the learning objectives (11:59 PM)". The word "TODAY" is centered at the bottom of the calendar.
- Achievements (Right Panel):** A white panel titled "Achievements" listing five items with checkboxes:
 - Performed the minimum number of eligible transactions (10 done)
 - Investor profile defined (41.18%)
 - Basic strategy defined
 - Learning objectives described
 - Lessons learned

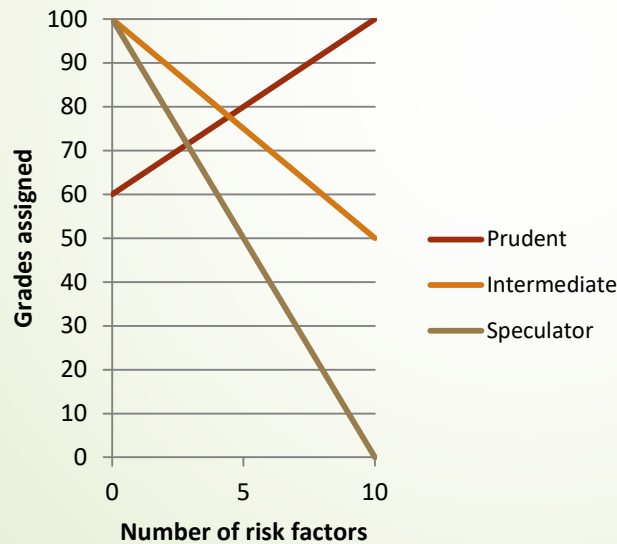
Realism of the investor's situation



- ▶ A person has entrusted you with \$200,000 to invest on their behalf in the financial markets
- ▶ This is probably not
 - ▶ Warren Buffet or Jeff Besos
 - ▶ A recent 6-49 winner
 - ▶ A college graduate who just got his first job

Coherence between the investor profile and their risk sensitivity

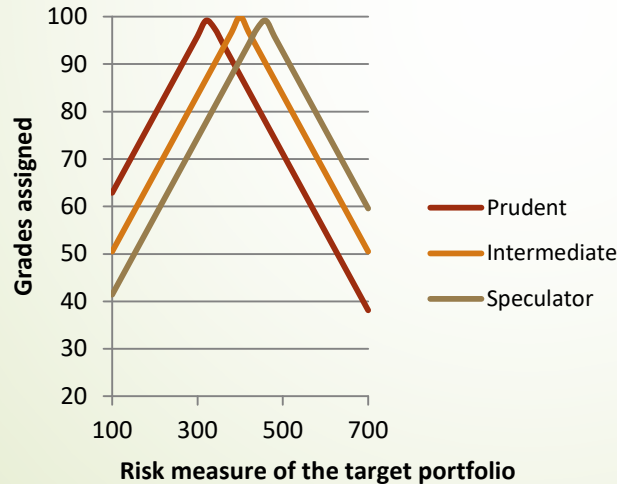
Coherence between the investor profile and their risk sensitivity



- ▶ What is the investor profile of the person who has retained your investment counselling services?
- ▶ This should be determined by taking into account risk factors:
 - ▶ Dependents
 - ▶ Job security
 - ▶ Debt load
 - ▶ ...

Consistency between the sector weights in the strategy as of February 26 and the investor's profile

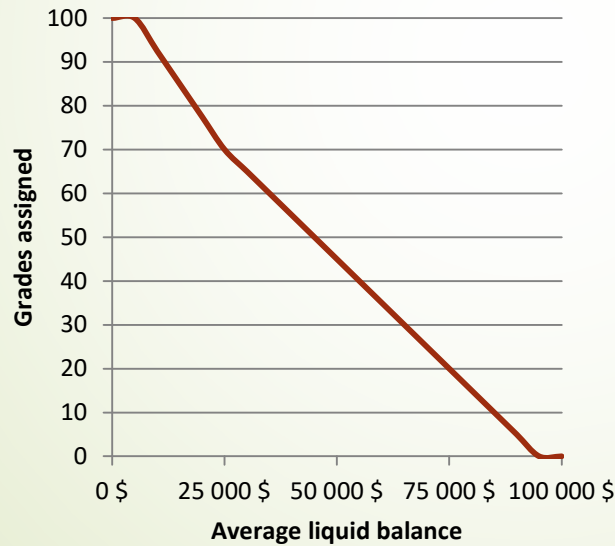
Coherence between sector weights in the strategy in place and the investor profile



- Cash (1)
- Bonds (2)
- Utilities (3)
- Financial Services Sector (4)
- Consumer Products Sector (5)
- Industrial Products Sector (6)
- Natural Resources Sector (7)

Average liquid balance maintained during simulation

Average liquid balance maintained during simulation



- ▶ You should aim to invest the maximum amount of the sum entrusted to you
- ▶ Exemption for which no penalty is applied: \$5,000

Compatibility of additional justifications with the fundamental / technical profile

Compatibility of justifications with the fundamental / technical profile



TECHNICAL ANALYSIS

Identification of ups and downs

Yes No

Study of moving averages

Yes No

Study of short-term fluctuations

Yes No

FUNDAMENTAL ANALYSIS

Calculation of ratios

Yes No

Calculation of the fundamental value

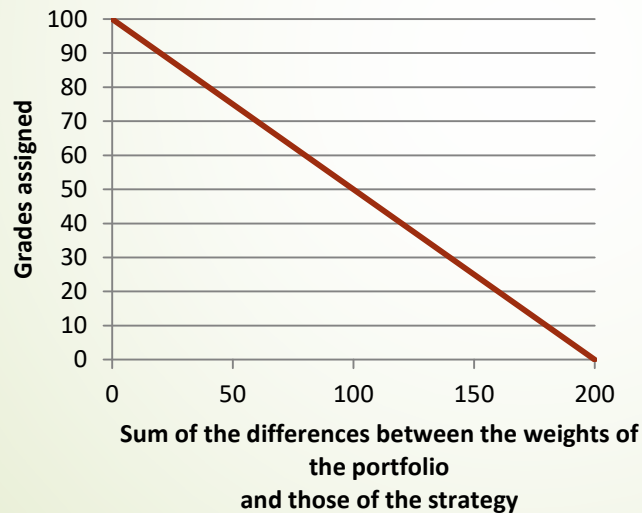
Yes No

Analysis of the management and projects of the company

Yes No

Weight of sectors in the portfolio Vs weightings of the investment strategy

Weight of sectors in the portfolio Vs the current strategy

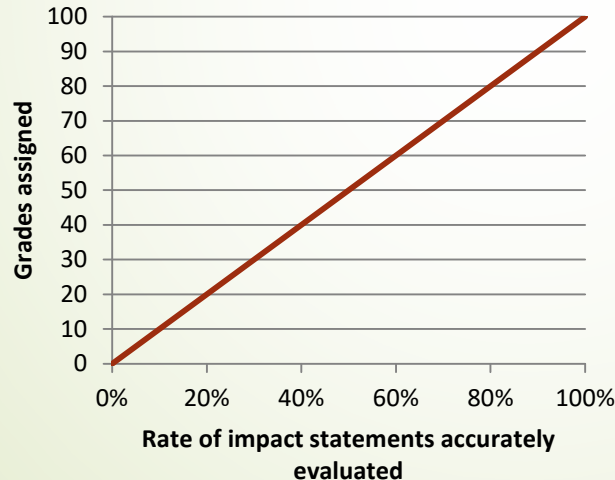


► You should aim to create an actual portfolio that matches your strategy allocation :

- Cash
- Bonds
- Utilities sector
- Financials Sector
- Consumer Products Sector
- Industrial Products Sector
- Natural Resources Sector

Assessment of the impact of transactions on the weights of the sectors in the portfolio

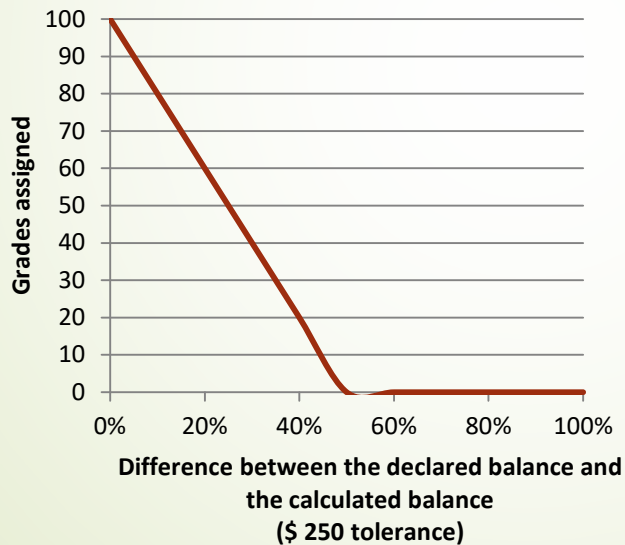
Assessment of the impact of transactions on the weights of the sectors in the portfolio



- Keep in mind the impact a trade normally has on your cash balance:
 - Buy: decrease
 - Selling: increase
- There is one exception!
 - (buying or selling a 100% liquid asset)

Estimation of the liquid balance after transactions

Estimation of the liquid balance after transactions



- Make a reasonable estimate of your cash balance after a trade order is executed
- There is a tolerance of \$250, so there is no need to calculate to the nearest dollar.

Challenge's deadlines

Date	Event
February 12, 2024 9h 30 AM (EST)	<ul style="list-style-type: none">• Beginning of the 2024 Bourstad Challenge
February 25, 2024 11h 59 PM (EST)	<ul style="list-style-type: none">• Deadline for the definition of the investor-client, the creation of the initial portfolio management strategy and the specification of the participant's learning objectives
March 11, 2024 8h 00 AM (EDT)	<ul style="list-style-type: none">• Beginning of the period during which participants can complete the qualification questionnaire for the Responsible Investment component
March 24, 2024 11h 59 PM (EDT)	<ul style="list-style-type: none">• End of the period during which participants can complete the qualification questionnaire for the Responsible Investment component• Deadline for adjusting the portfolio management strategy
April 12, 2024 4h 00 PM (EDT)	<ul style="list-style-type: none">• Deadline for the self-assessment of learning achieved• End of the 2024 Bourstad Challenge
April 15, 2024 8h 00 AM (EDT)	<ul style="list-style-type: none">• The period for submitting testimonials to the Autorité des marchés financiers on the learning experience gained by taking part in the 2024 Bourstad Challenge begins.
April 26, 2024 11h 59 PM (EDT)	<ul style="list-style-type: none">• End of the period for submitting testimonials to the Autorité des marchés financiers about the learning experience gained by taking part in the 2024 Bourstad Challenge.



Relevant documentation

- ▶ 2024 Bourstad Challenge - Important Dates and Deadlines
 - ▶ Documentation / Contest Rules
- ▶ Portfolio management in a Bourstad simulation
 - ▶ Documentation / How it works
- ▶ Assets and average household liabilities – Canada 2010
 - ▶ Documentation/Educational content
- ▶ Revenus totaux des ménages québécois, 2010
 - ▶ Documentation/Educational content (French)
- ▶ Video recording - [TheBasics of Stock Market Investing Webinar](#) (February 6, 2024)
 - ▶ [PDF version of the presentation](#)

A Primer on the Canadian ETF Industry



Erika Toth, CFA

- ▶ Director, Institutional & Advisory, Eastern Canada, BMO Global Asset Management
 - ▶ Joined BMO Global Asset Management 10 years ago
- ▶ Joined BMO Financial Group a few years before as a consultant to high net worth clients and Investment representative



Question and answer period

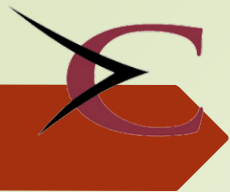




Acknowledgements



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 - To CIRANO's Events Coordinator, Ms. Émilie Grange
 - To CIRANO's Communication Coordinator, Ms. Élina Caron
- To all those who attended this second webinar of the Bourstad 2024 series



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Réseau des cégeps et des collèges francophones du Canada

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Next webinar

- ▶ **Sustainable Investment in the Boursiad Challenge**
Thursday, March 7, 7:00 p.m. to 8:00 p.m.
- ▶ Guest expert:
 - ▶ Thomas Estinès, co-director of the Groupe Investissement responsable (GIR)