CIRANO
Allier savoir et décision

AUTORITÉ DES MARCHÉS FINANCIERS

Partenaire principal

BOURSTAD

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

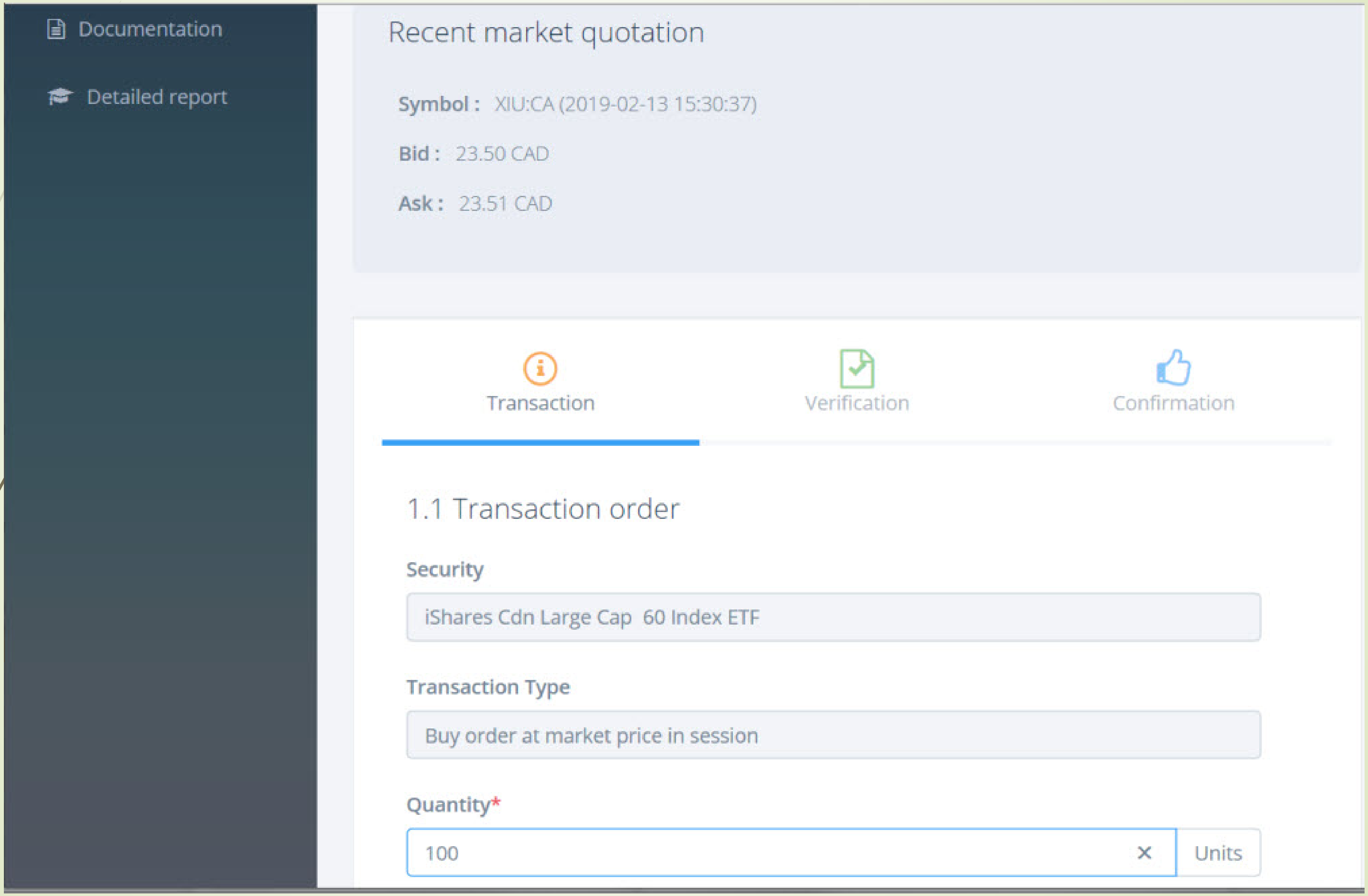
- The criteria used by the jury to evaluate the quality of the portfolio management are:
  - consistency of the fictitious-investor
  - choice of strategies and their consistency with the investor
  - transactions carried out according to the strategies in force
  - portfolio management follow-up according 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

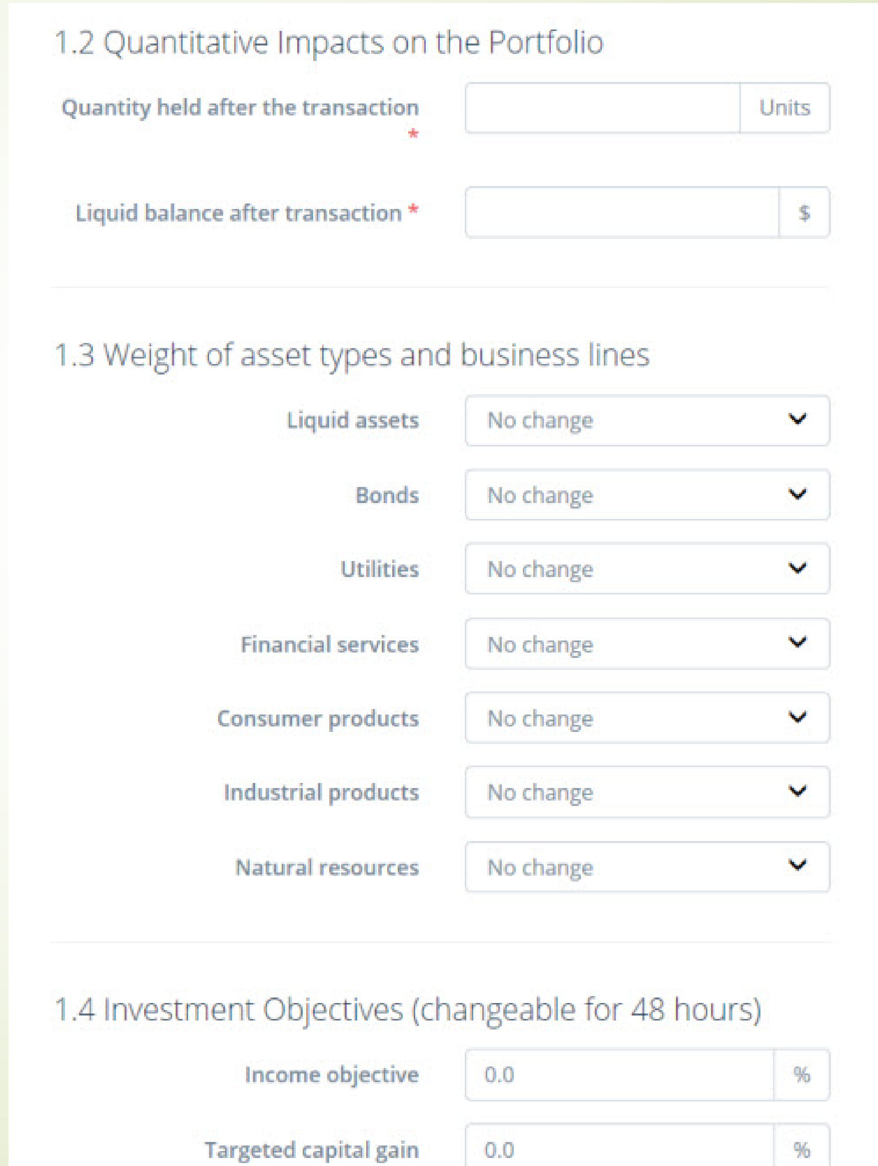
Many resources available in the documentation system

Transaction in a Bourstad simulation



www.bourstad.ca

Transaction in a Bourstad simulation (cont'd)



1.2 Quantitative Impacts on the Portfolio

Quantity held after the transaction * — Units

Liquid balance after transaction * — $

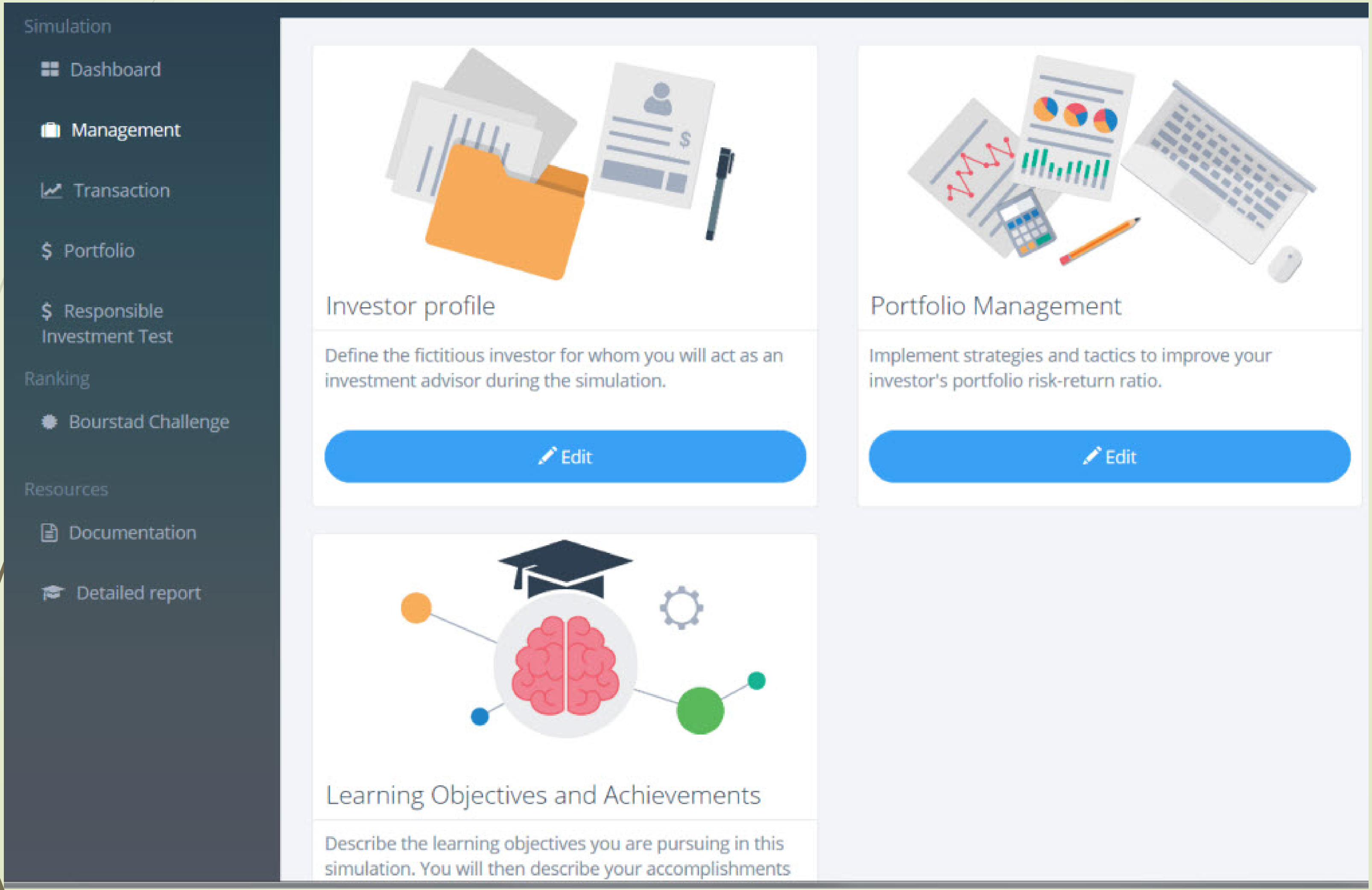
1.3 Weight of asset types and business lines

Liquid assets	No change
Bonds	No change
Utilities	No change
Financial services	No change
Consumer products	No change
Industrial products	No change
Natural resources	No change

1.4 Investment Objectives (changeable for 48 hours)

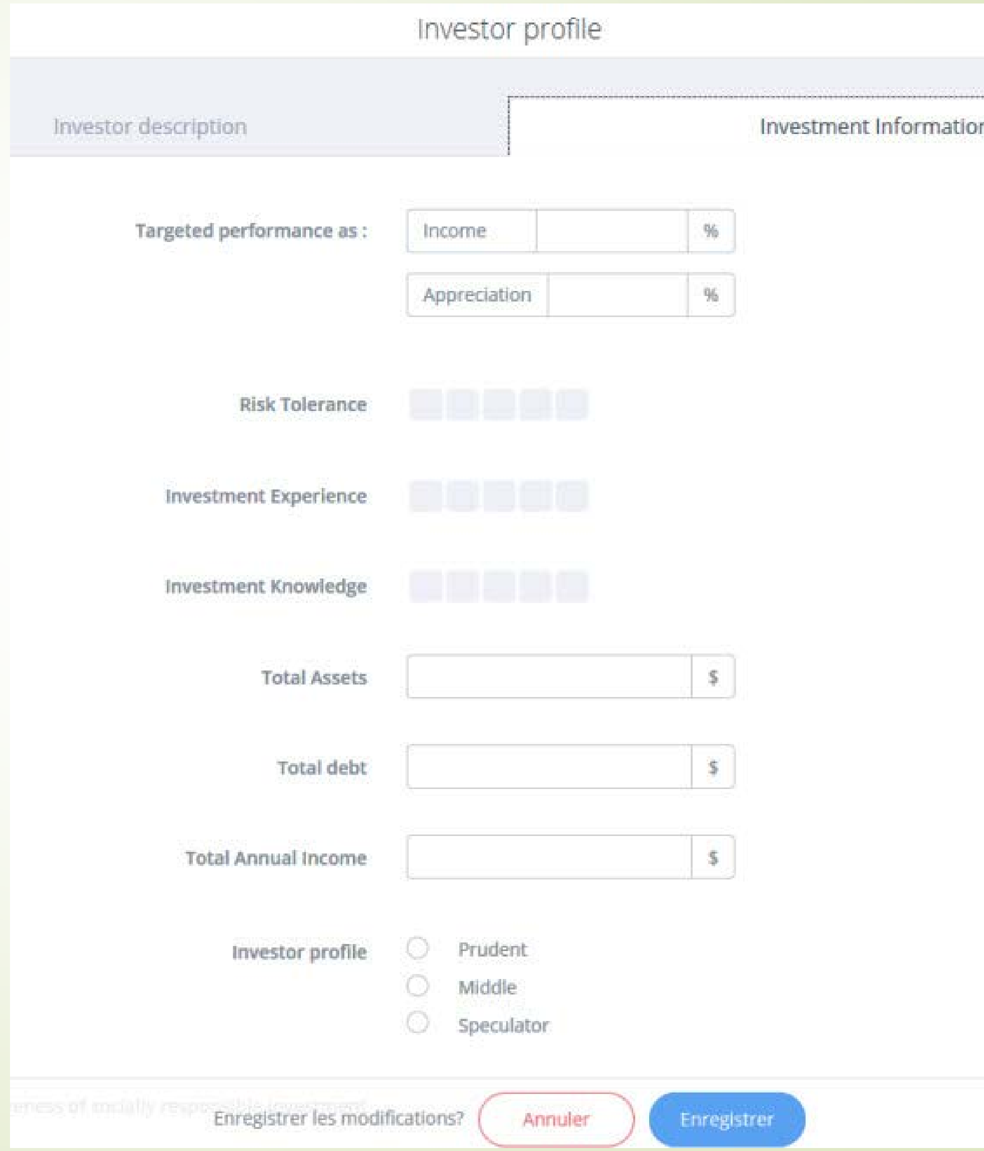
Income objective	0.0	%
Targeted capital gain	0.0	%

Portfolio management in a Bourstad simulation

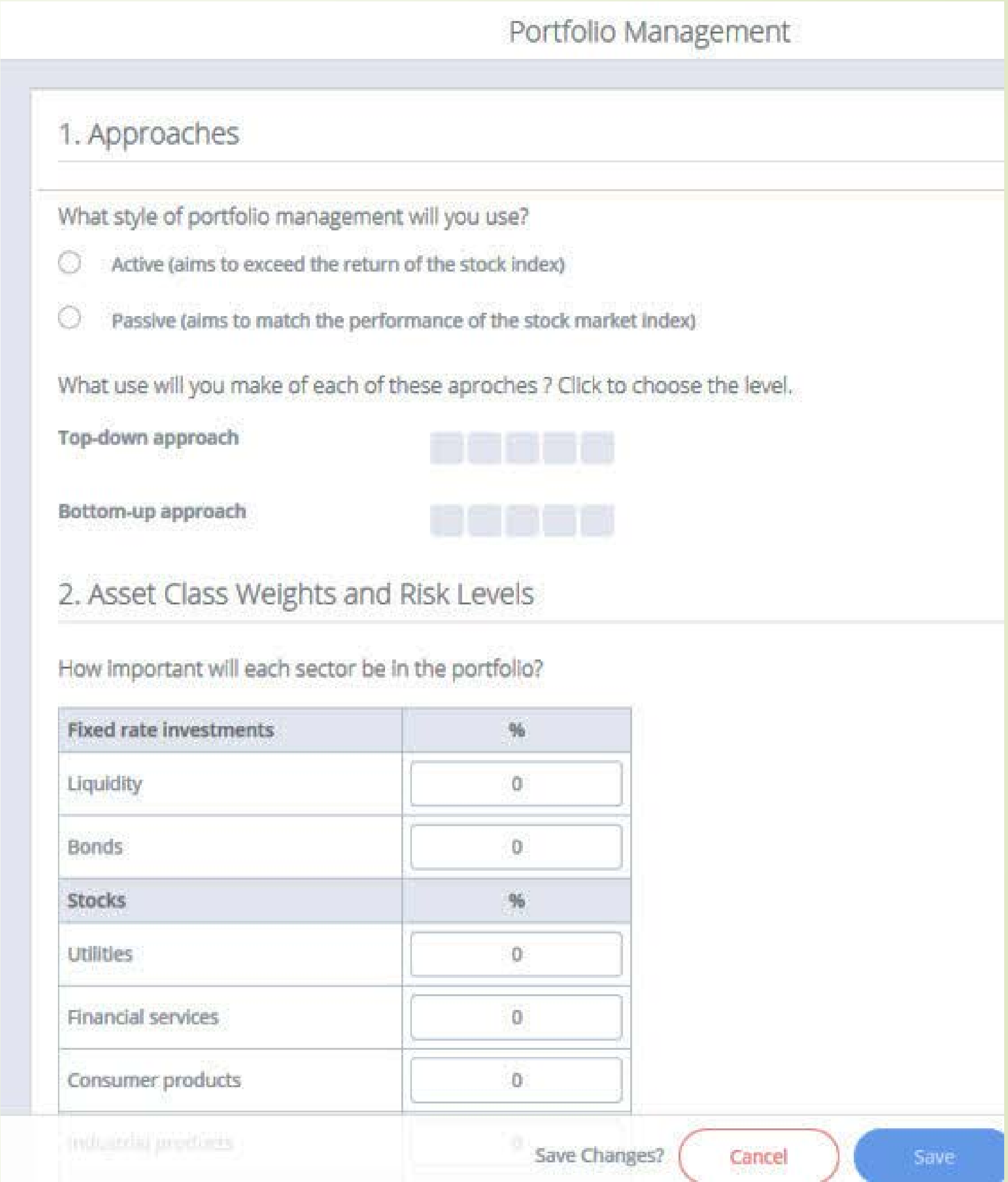


www.bourstad.ca

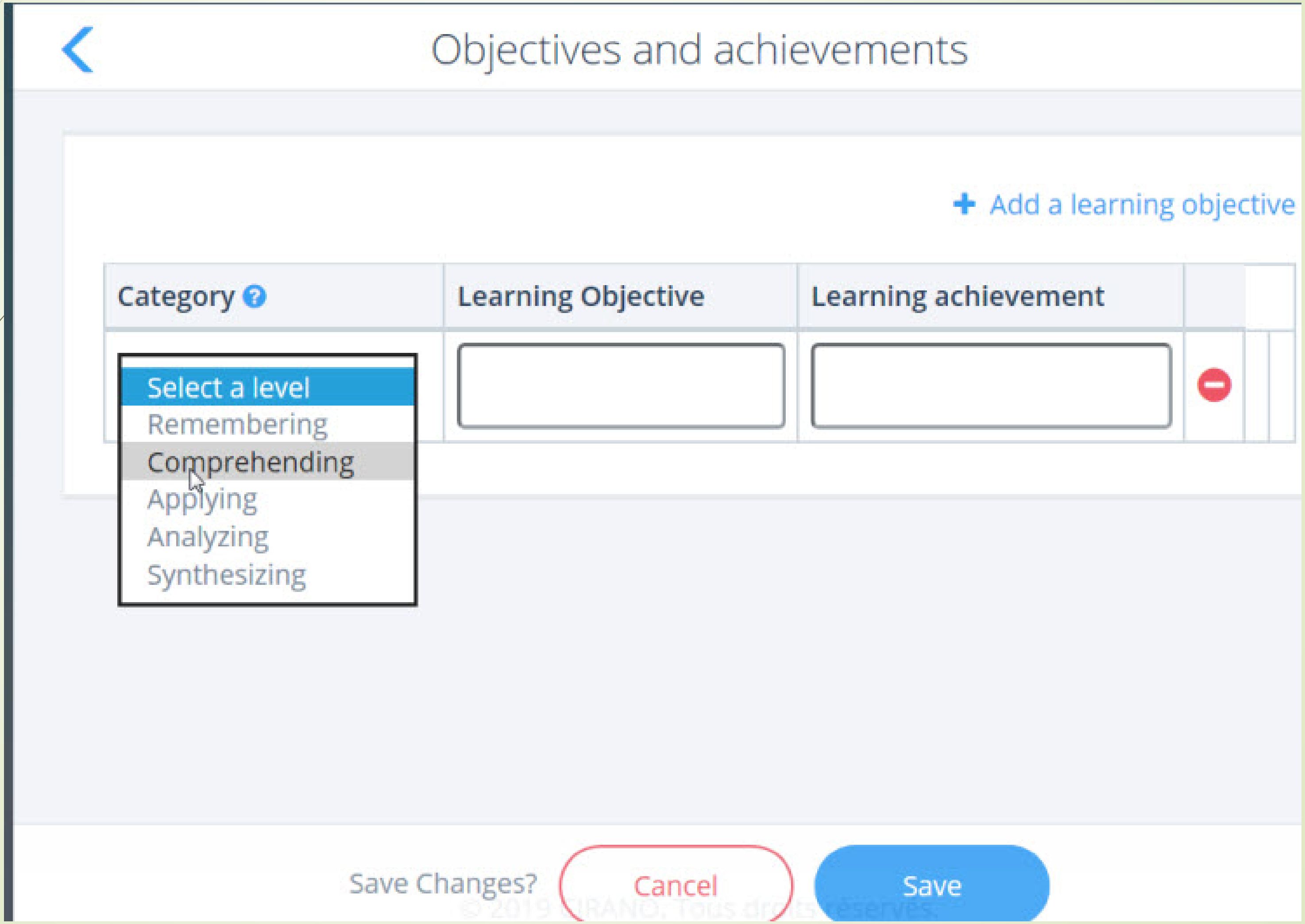
Investor profile



Investment strategy



Objectives and achievements of the participant



www.bourstad.ca

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

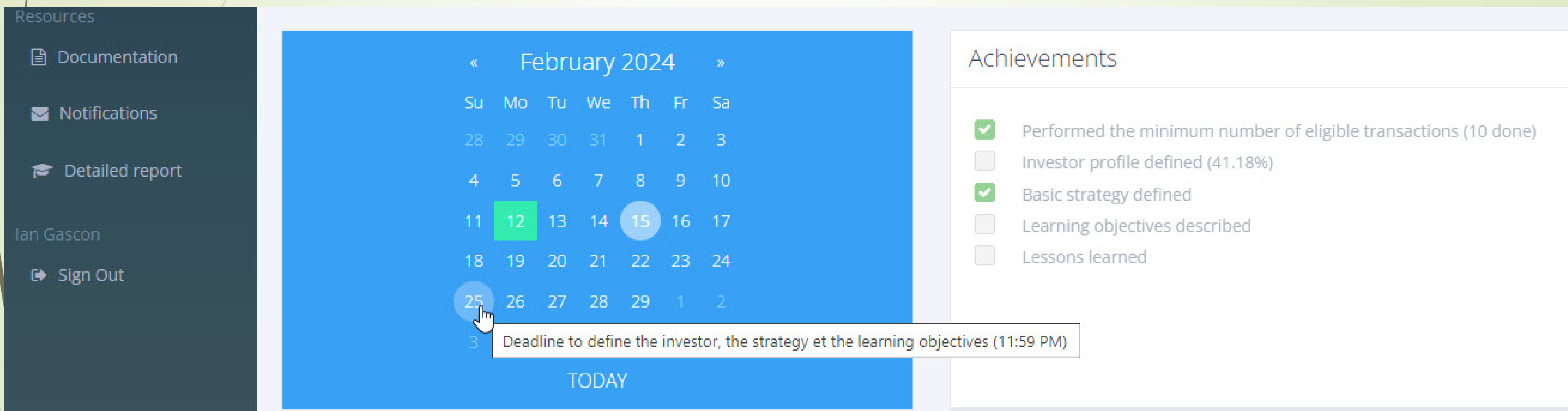
- **Realism of the investor's situation**
- **Coherence between the investor profile and their risk sensitivity**
- Coherence between sector weights in the strategy in place on February 26th and the investor profile
- Coherence between sector weights in the strategy in place on March 25th and the investor 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

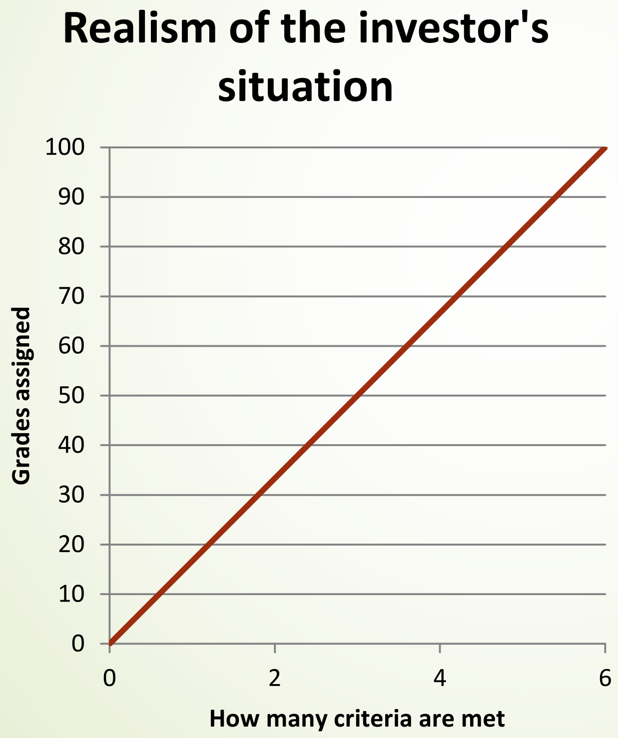
- Formative evaluation during the simulation
  - 5 evaluation measures
  - The participant consults his formative evaluation
    - On the participant’s dashboard (Achievements)
    - In the detailed report accurately

- 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

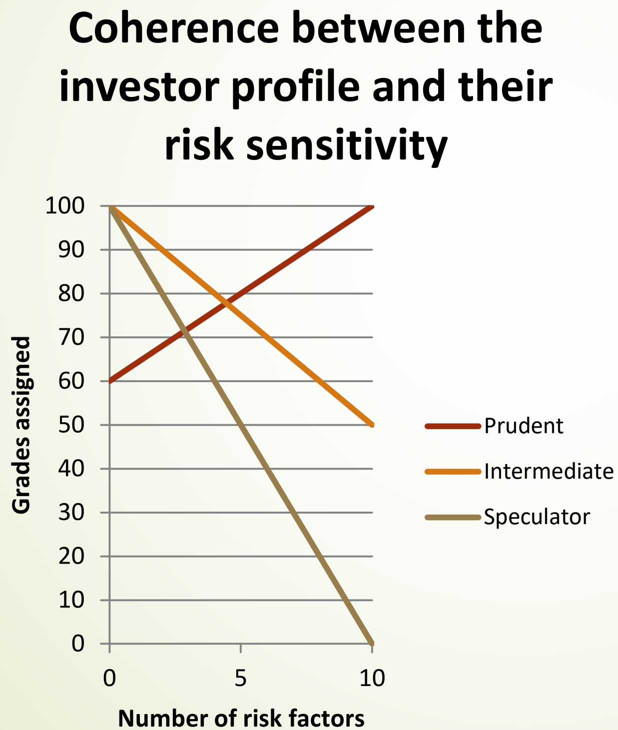


Realism of the investor's situation



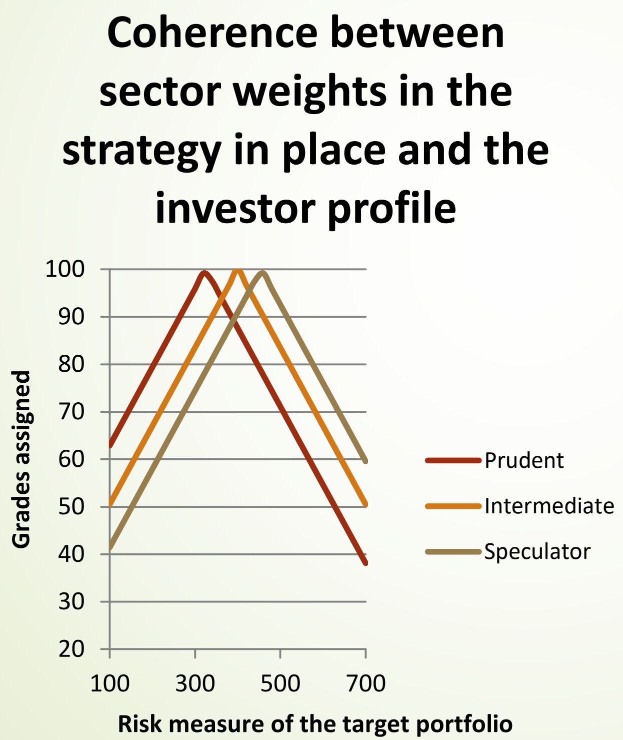
- A person has entrusted you with $200,000 to invest on their behalf in the financial markets
- This is probably not
  - Warren Buffet or Jeff Besos
  - A recent 6-49 winner
  - A college graduate who just got his first job

Coherence between the investor profile and their risk sensitivity



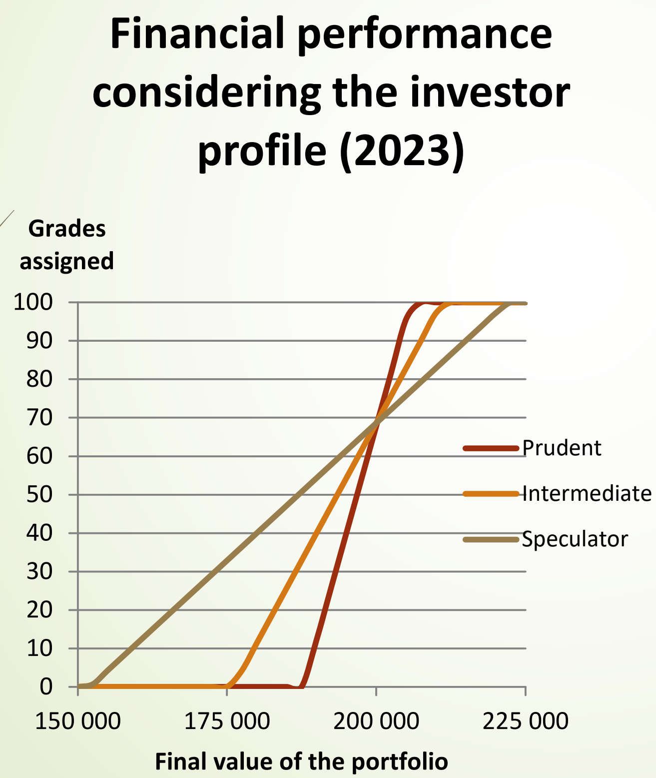
- What is the investor profile of the person who has retained your investment counselling services?
- This should be determined by taking into account risk factors:
  - Dependents
  - Job security
  - Debt load
  - …

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



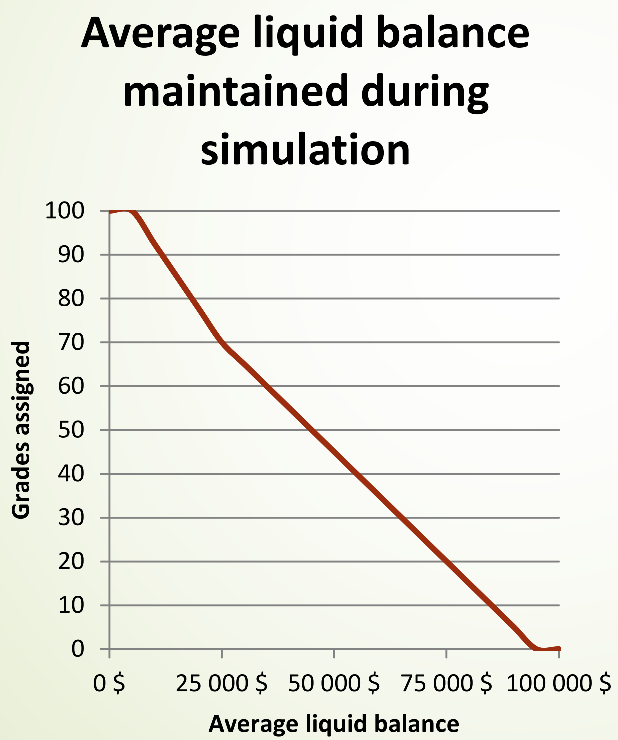
- Cash (1)
- Bonds (2)
- Utilities (3)
- Financial Services Sector (4)
- Consumer Products Sector (5)
- Industrial Products Sector (6)
- Natural Resources Sector (7)

Financial performance considering the investor profile



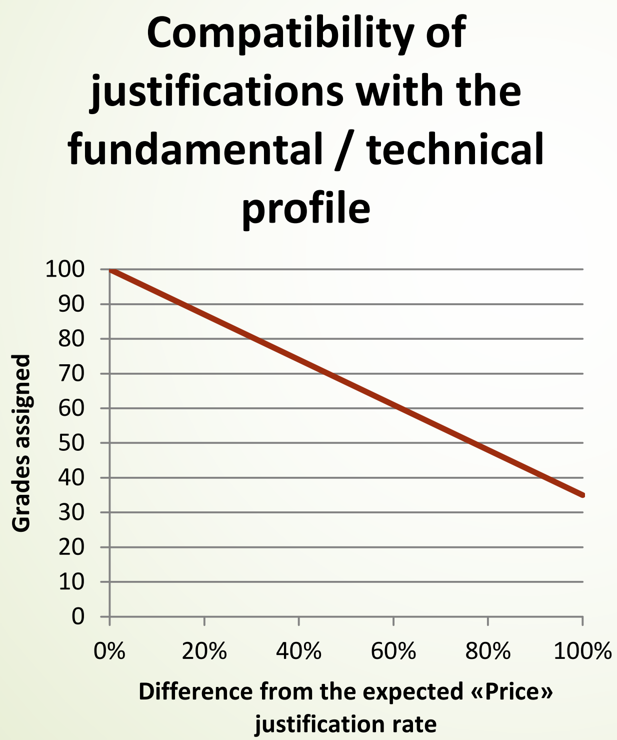
- The purpose of this measure is to verify whether the financial performance achieved is in line with the investor's profile.

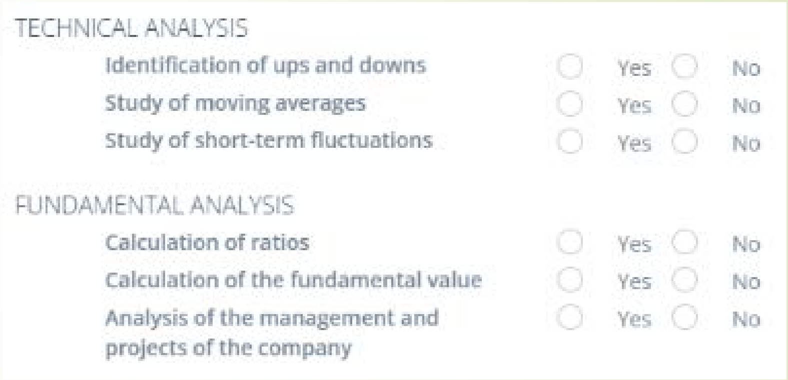
Average liquid balance maintained during simulation



- 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





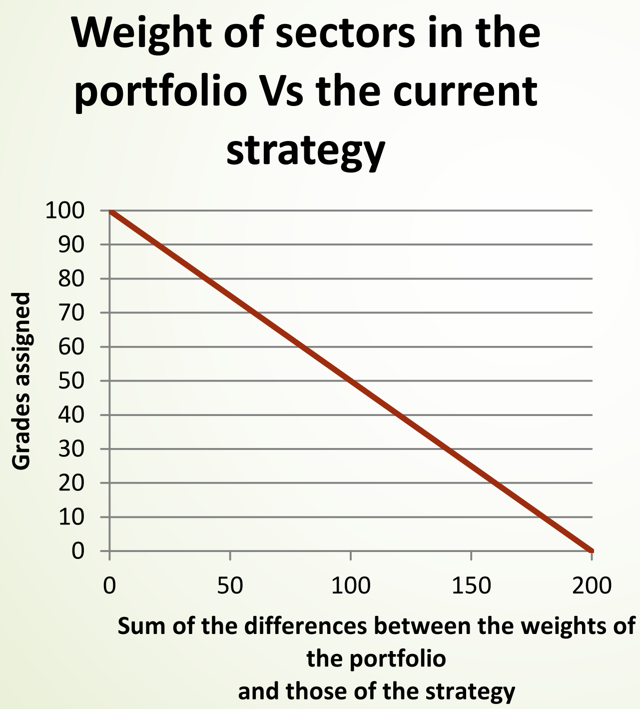
TECHNICAL ANALYSIS

Identification of ups and downs	Yes	No
Study of moving averages	Yes	No
Study of short-term fluctuations	Yes	No

FUNDAMENTAL ANALYSIS

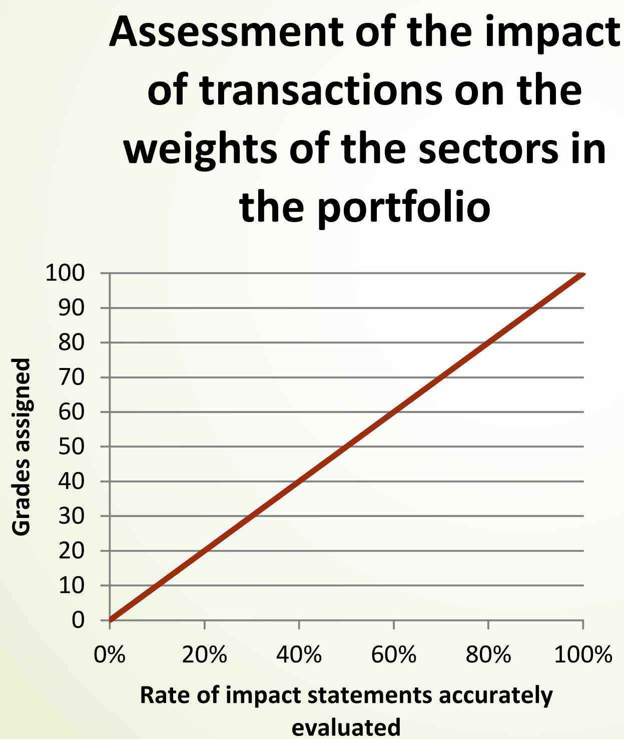
Calculation of ratios	Yes	No
Calculation of the fundamental value	Yes	No
Analysis of the management and projects of the company	Yes	No

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



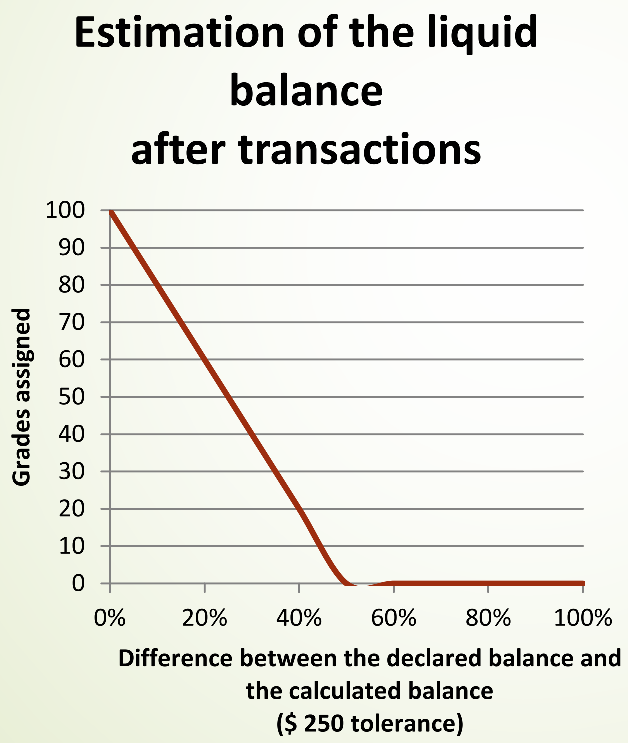
- You should aim to create an actual portfolio that matches your strategy allocation :
  - Cash
  - Bonds
  - Utilities sector
  - Financials Sector
  - Consumer Products Sector
  - Industrial Products Sector
  - Natural Resources Sector

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



- 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



- 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)	• **Beginning of the 2024 Bourstad Challenge**
February 25, 2024 11h 59 PM (EST)	• 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	• Beginning of the period during which participants can complete the qualification questionnaire for the Responsible Investment component
March 24, 2024 11h 59 PM (EDT)	• 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)	• Deadline fot the self-assessment of learning achieved • **End of the 2024 Bourstad Challenge**
April 15, 2024 8h 00 AM (EDT)	• 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)	• 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

- To our guest expert,
  - Ms. Erika Toth, CFA, Director, Institutional & Advisory, Eastern Canada, BMO Global Asset Management
  - 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

CIRANO

Allier savoir et décision

Main partner

AUTORITÉ DES MARCHÉS FINANCIERS

Media partner

les affaires

Gold Partners

OCRI Organisme canadien de réglementation des investissements

CIRO · Canadian Investment Regulatory Organization

TD LA PROMESSE TD PRÊTS À AGIR

CFA Montréal

Silver Partners

FINANCE MONTRÉAL

HYPRA SOFT

TMX | Bourse de Montréal | Datalinx

quotemedia

CiR votes // actions

Réseau des cégeps et des collèges francophones du Canada

www.bourstad.ca

Next webinar

- **Sustainable Investment in the Bourstad 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)