Main Partner

Portfolio Management in a Bourstad simulation

Webinar for 2025 Bourstad Challenge participants
Thursday, February 13, 7 p.m.

Guest speaker:
Ms. Erika Toth, CFA,
Director & Team Leader - ETF Distribution
BMO Global Asset Management

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 & Team Leader ETF Distribution BMO Global Asset Management

Portfolio management in the Bourstad Challenge

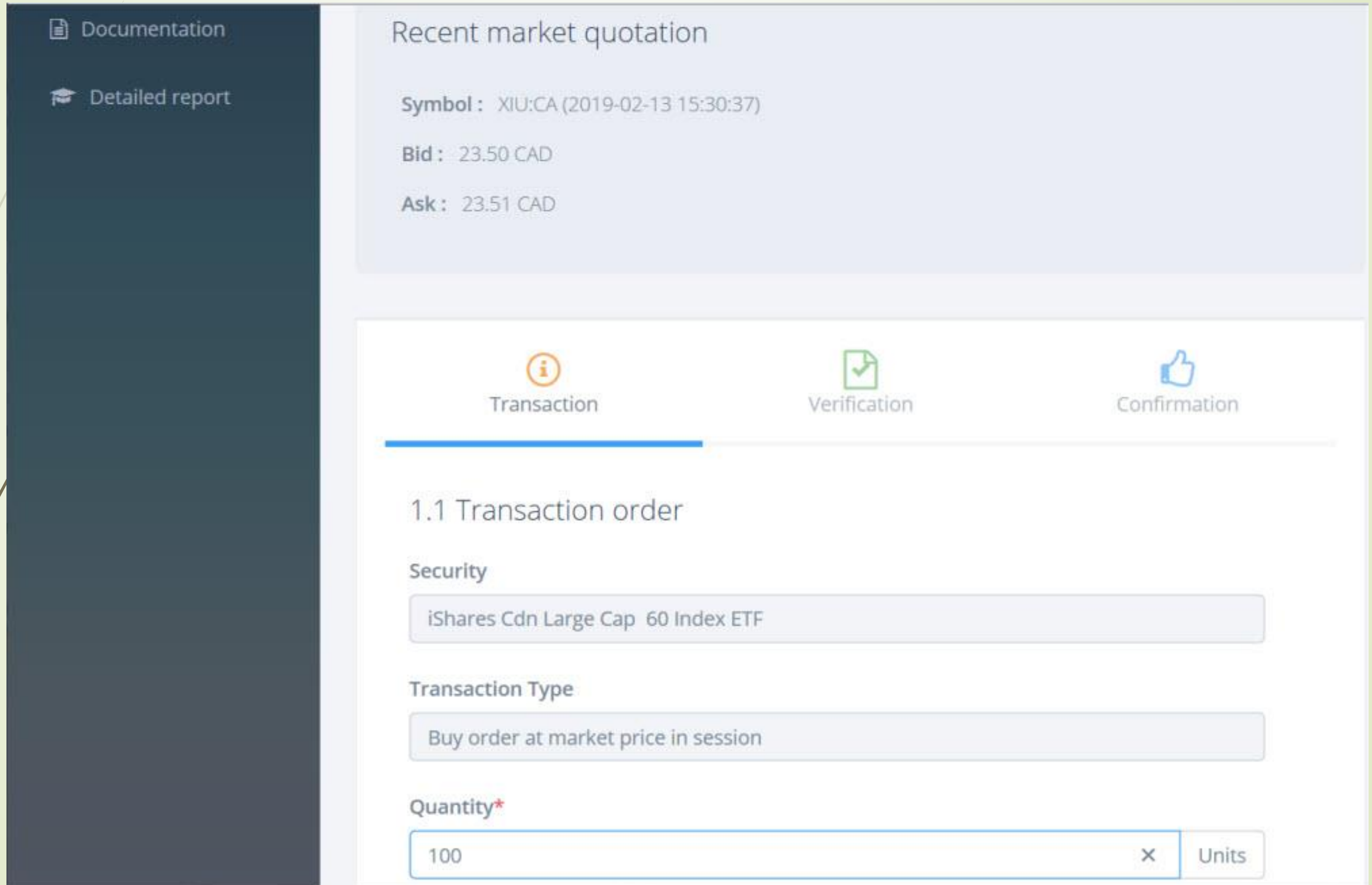
- The criteria used by the jury to evaluate the quality of the portfolio management are:
  - consistency of the fictitious-investor
  - choice of strategies and their consistency with the investor
  - transactions carried out according to the strategies in force
  - portfolio management follow-up according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



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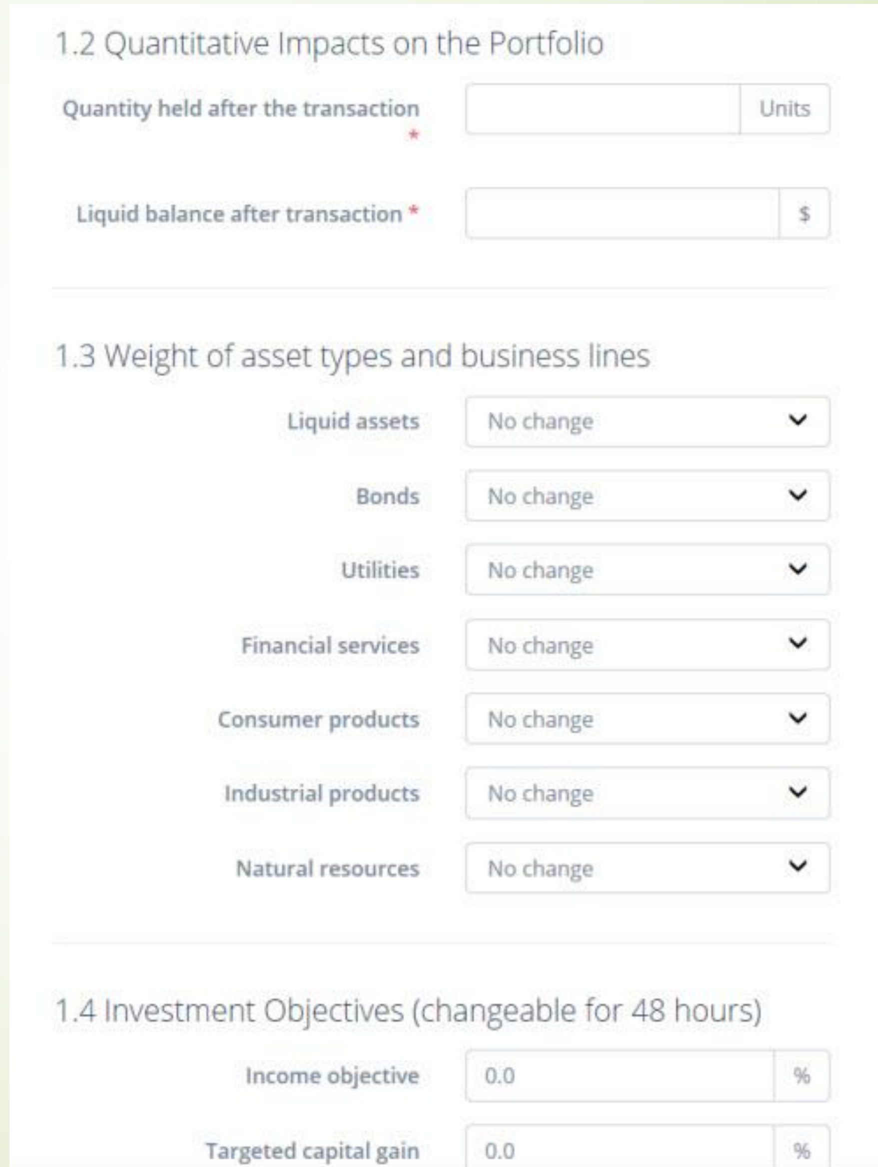
Transaction in a Bourstad simulation (cont'd)



1.2 Quantitative Impacts on the Portfolio

Quantity held after the transaction * Units

Liquid balance after transaction * $

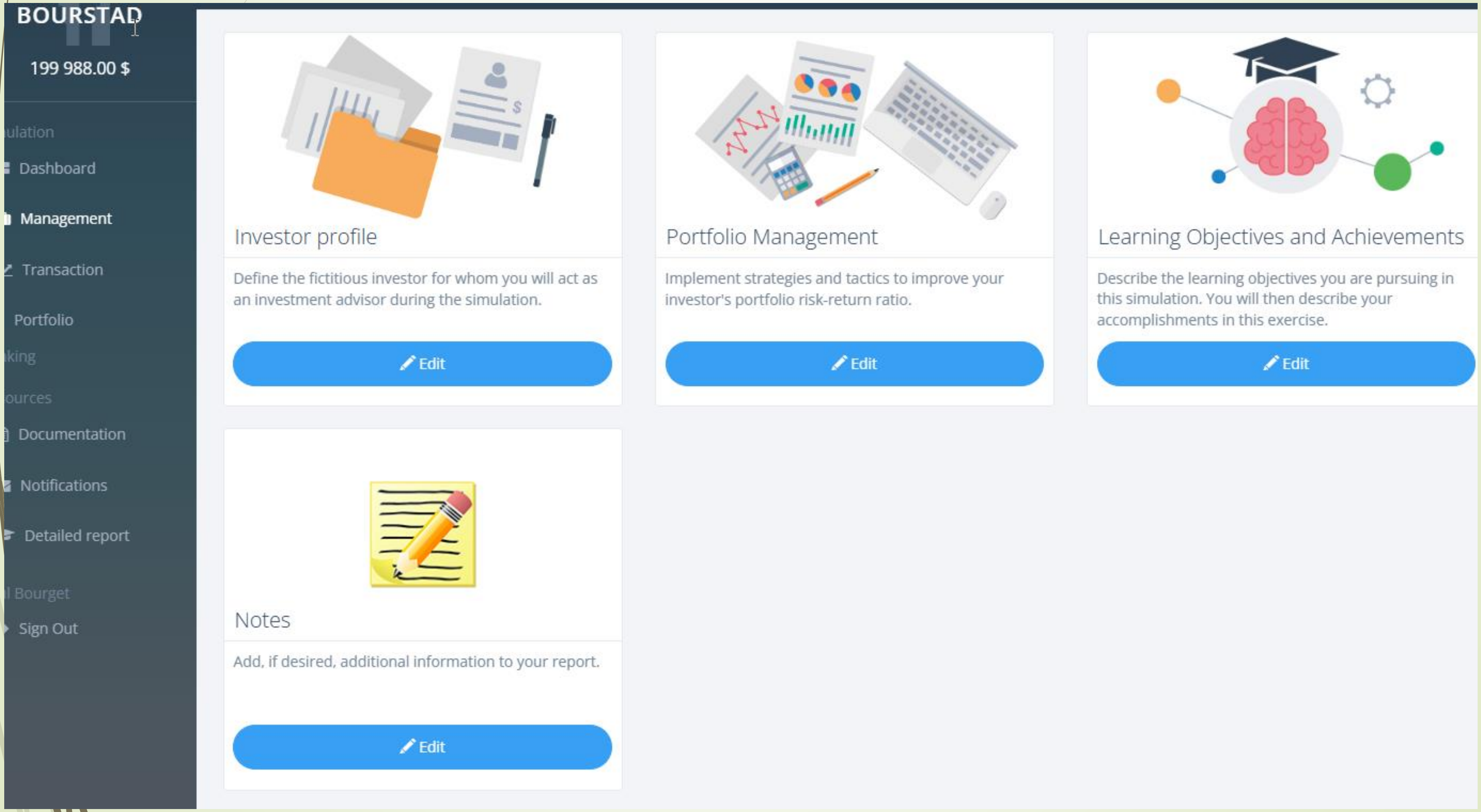
1.3 Weight of asset types and business lines

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



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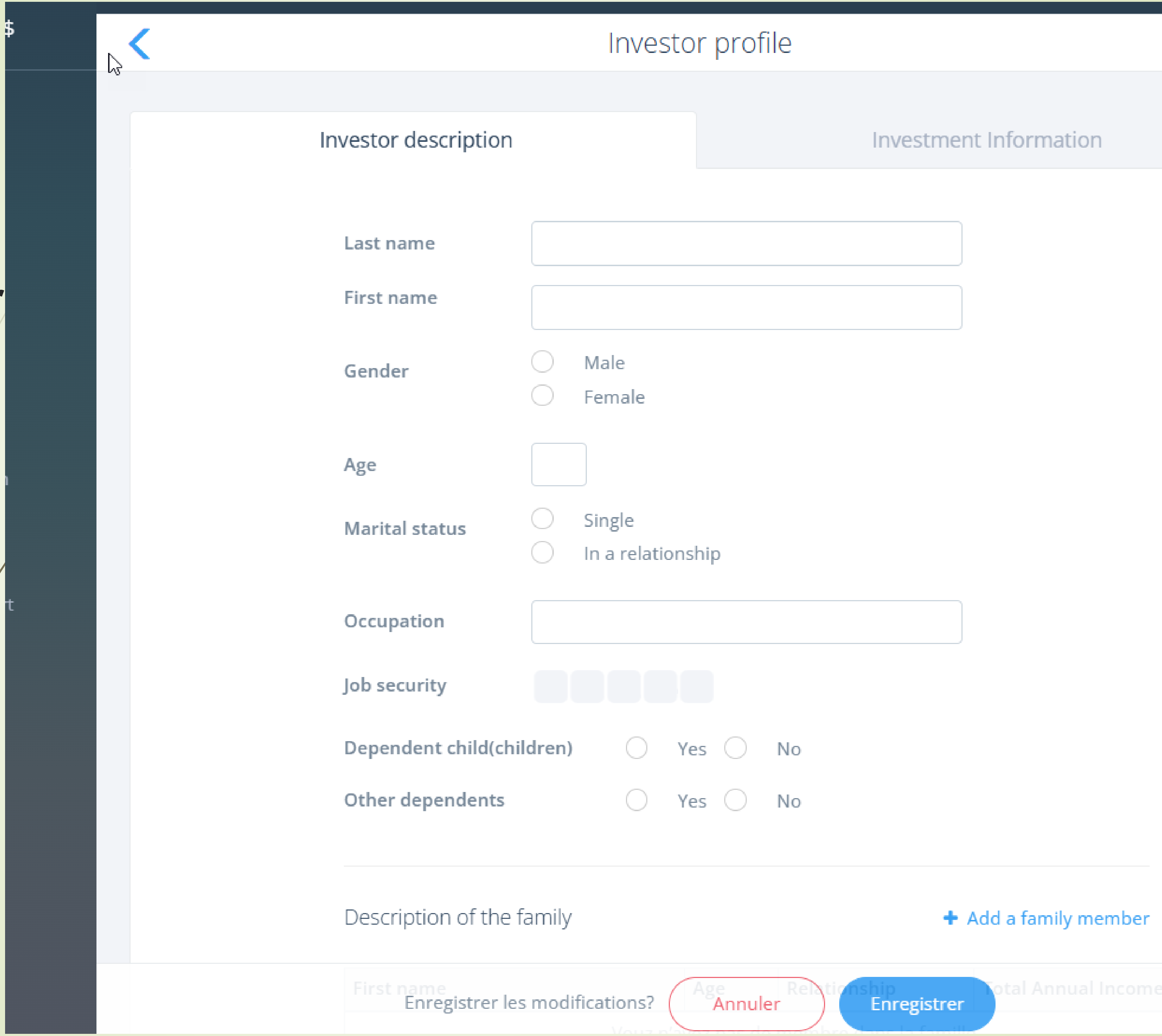
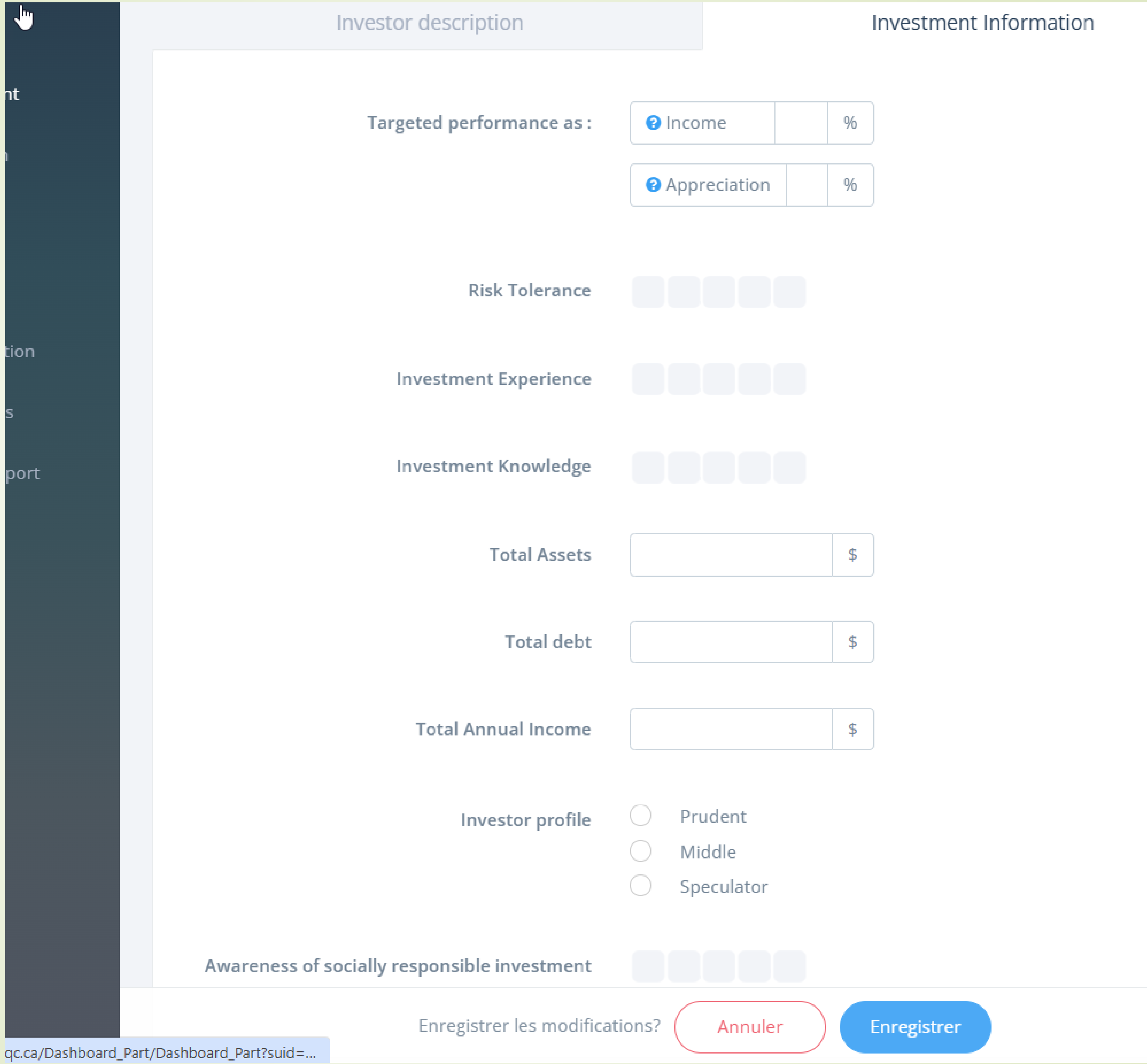
Investor profile



Investment information



Investment strategy A

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 aproches ? 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	0
Bonds	0
Stocks	**%**
Utilities	0
Financial services	0
Consumer products	0
Industrial products	0
Natural resources	0
TOTAL	0

Save Changes? Cancel Save

ossier/Dossier', '');

Investment strategy B

How important will each level of risk in the portfolio be?

Securities with ___ risk	%
Zero	0
Low	0
Average	0
High	0
TOTAL	0

3. Techniques and strategies

Will you apply these techniques or strategies during the simulation?

TECHNICAL ANALYSIS

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

FUNDAMENTAL ANALYSIS

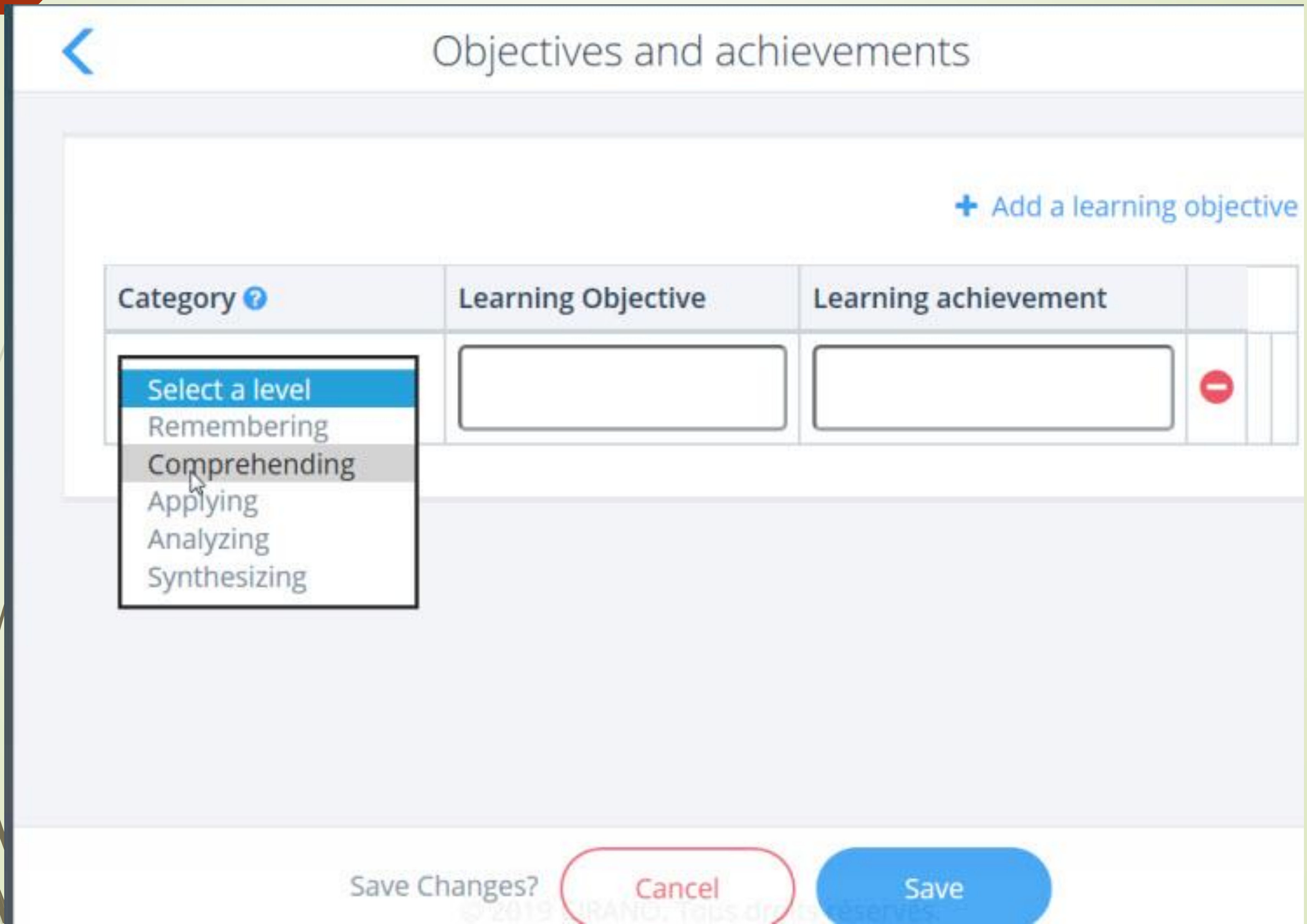
Calculation of ratios	Yes	No
Calculation of the fundamental value	Yes	No
Analysis of the management and projects of the company	Yes	No

RESPONSIBLE INVESTMENT

Taking into account environmental risks	Yes	No
Taking into account social risks	Yes	No
Consideration of risks related to governance	Yes	No

Save Changes? Cancel Save

Participant's goals and achievements



Portfolio Management Assessment in the Bourstad Challenge

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

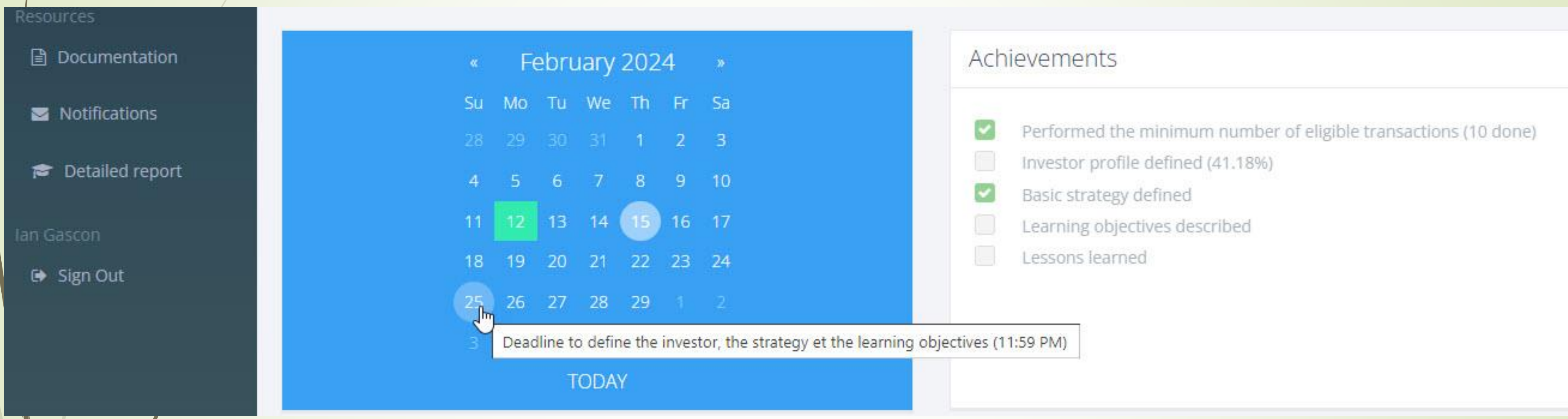
- Summative evaluation when simulation is complete
  - 14 evaluation measures
  - The participant's detailed report displays it when the simulation is over

Summative measures

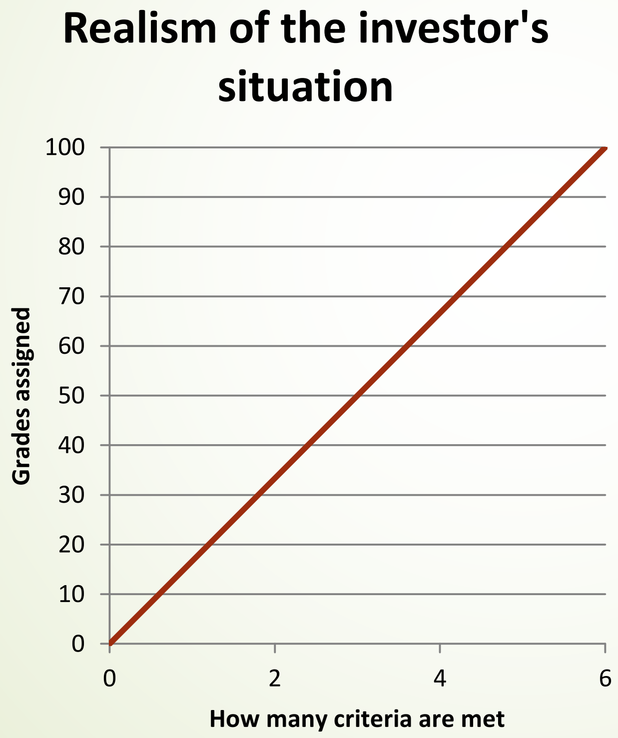
- **Realism of the investor's situation**
- **Coherence between the investor profile and their risk sensitivity**
- Coherence between sector weights in the strategy in place on February 24 and the investor profile
- Coherence between sector weights in the strategy in place on March 24 and the investor 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 24 Vs weightings of the investment strategy**
- **Weight of sectors in the portfolio on March 24 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)

Formative measures in red

The participant's dashboard

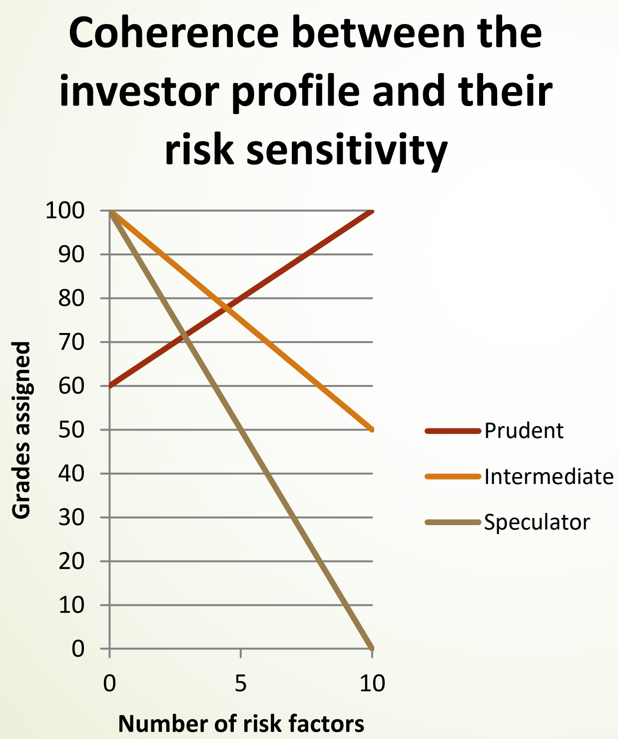


Realism of the investor's situation



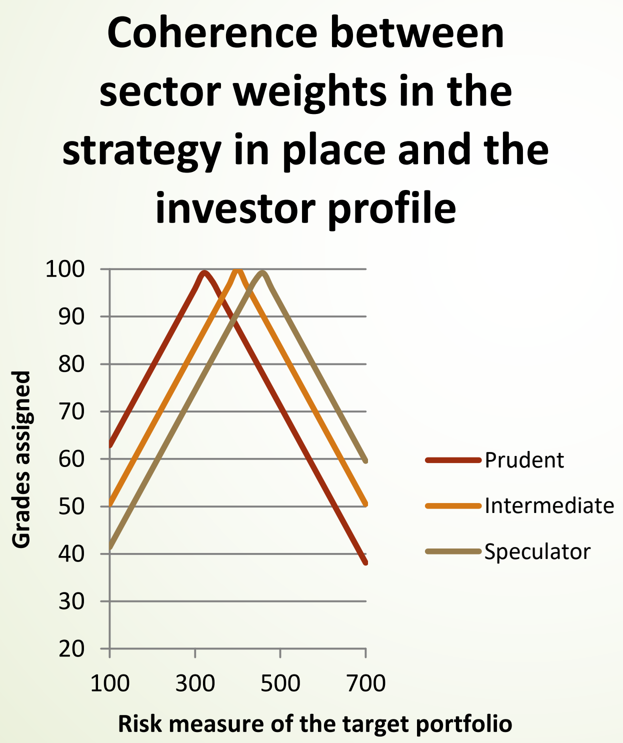
- A person has entrusted you with $200,000 to invest on their behalf in the financial markets
- This is probably not
  - Warren Buffet or Jeff Bezos
  - A recent 6-49 winner
  - A college graduate who just got his first job

Coherence between the investor profile and their risk sensitivity



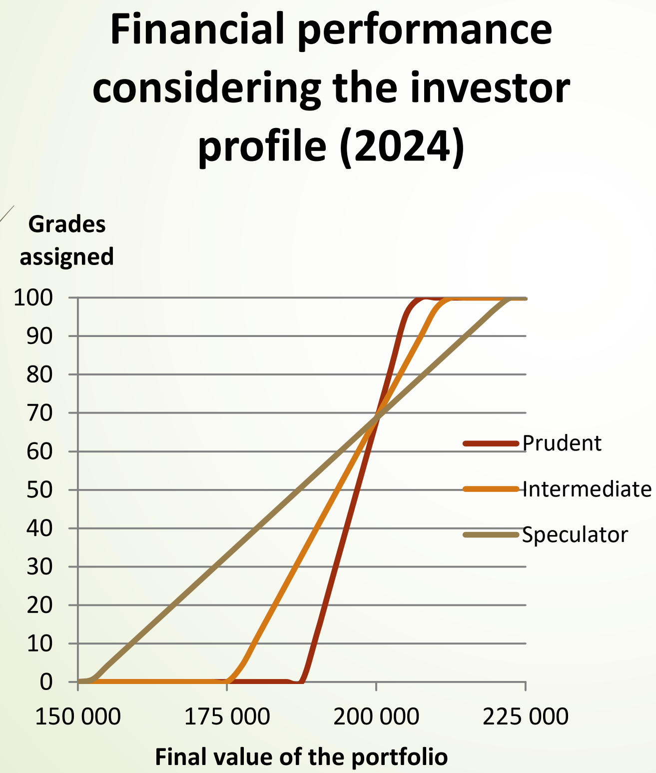
- What is the investor profile of the person who has retained your investment counselling services?
- This should be determined by taking into account risk factors:
  - Dependents
  - Job security
  - Debt load
  - …

Consistency between the sector weights in the strategy as of February 24 and the investor's profile



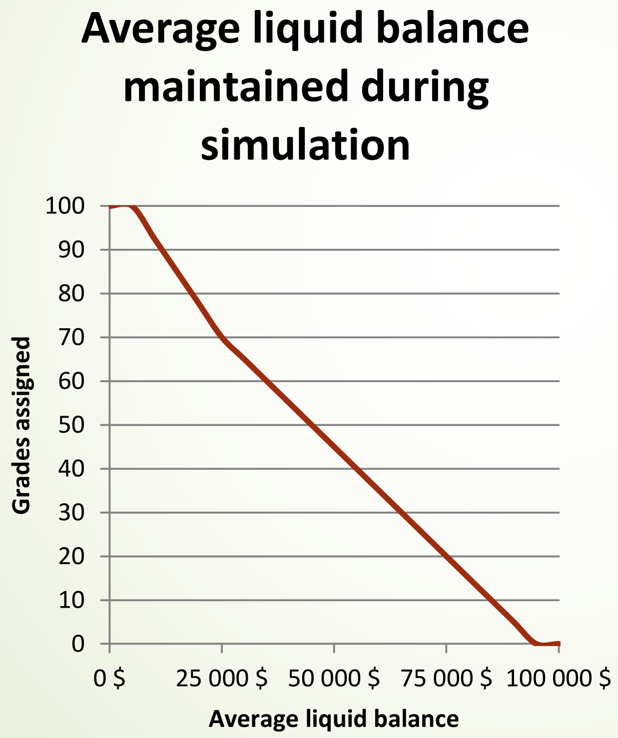
- Cash (1)
- Bonds (2)
- Utilities (3)
- Financial Services Sector (4)
- Consumer Products Sector (5)
- Industrial Products Sector (6)
- Natural Resources Sector (7)

Financial performance considering the investor profile



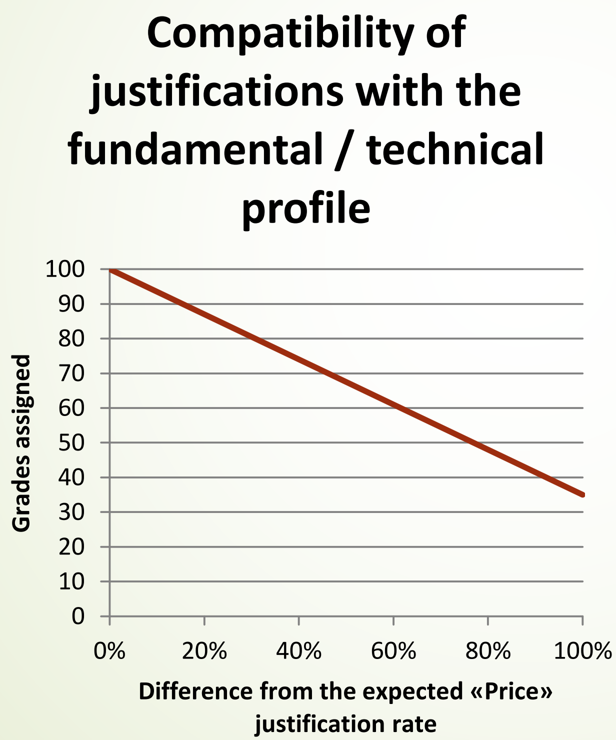
- The purpose of this measure is to verify whether the financial performance achieved is in line with the investor's profile.

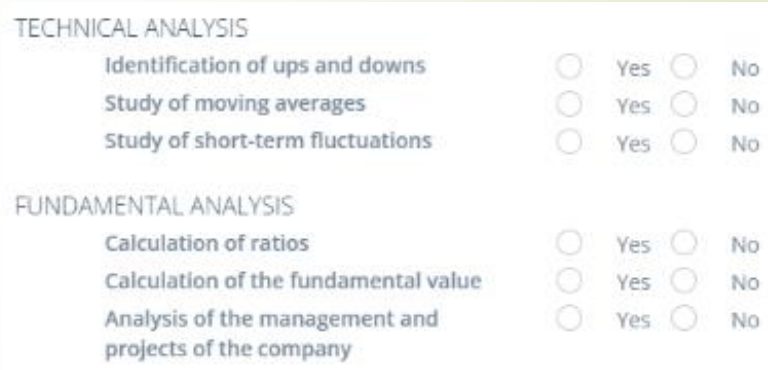
Average liquid balance maintained during simulation



- 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

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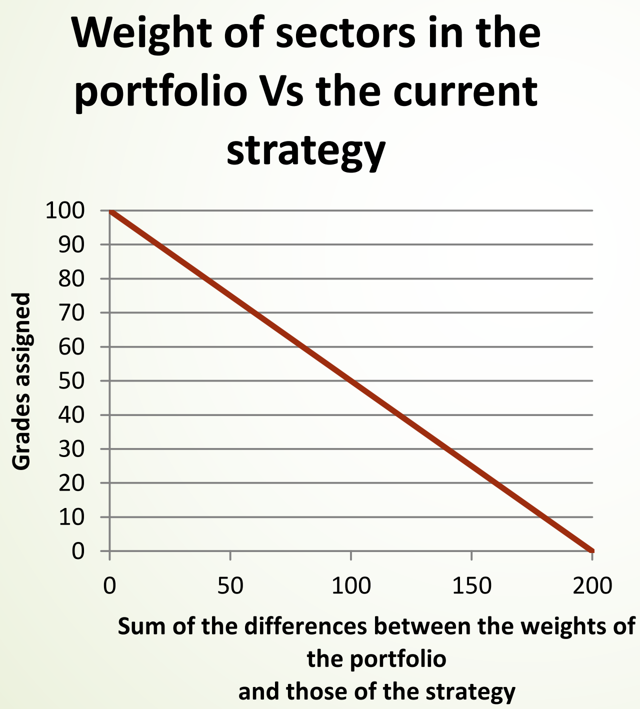
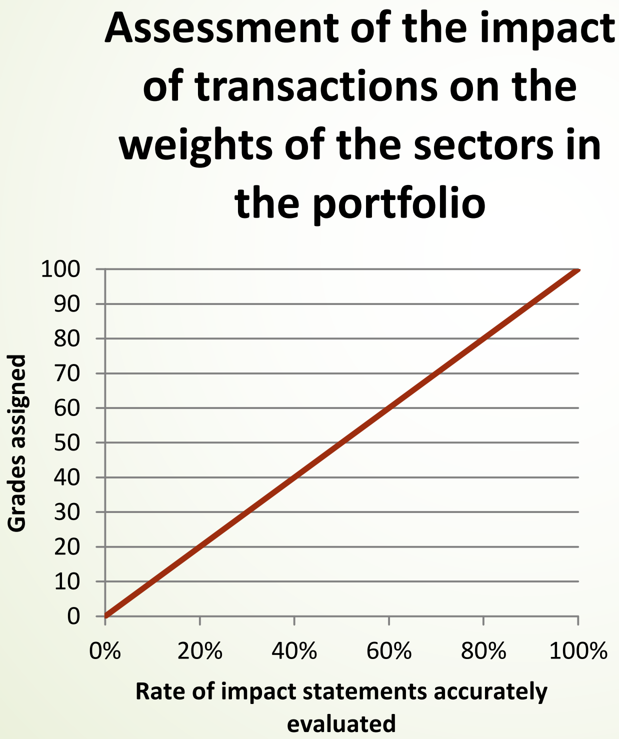
Weight of sectors in the portfolio Vs weightings of the investment strategy



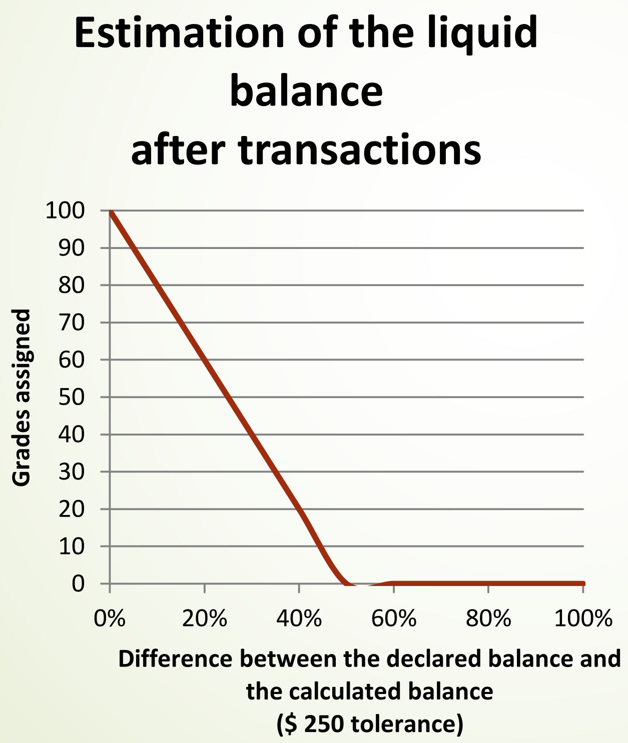
- You should aim to create an actual portfolio that matches your strategy allocation :
  - Cash
  - Bonds
  - Utilities sector
  - Financials Sector
  - Consumer Products Sector
  - Industrial Products Sector
  - Natural Resources Sector

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 10, 2025 9h 30 AM (EST)	• **Beginning of the 2025 Bourstad Challenge**
February 23, 2025 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 10, 2025 8h 00 AM (EDT	• Beginning of the period during which participants can complete the qualification questionnaire for the Responsible Investment component
March 23, 2025 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 11, 2025 4h 00 PM (EDT)	• Deadline for the self-assessment of learning achieved • **End of the 2025 Bourstad Challenge**
April 14, 2025 8h 00 AM (EDT)	• Start of Autorité des marchés financiers call for testimonials reserved for eligible participants of the school version.
April 25, 2025 11h 59 PM (EDT)	• End of Autorité des marchés financiers call for testimonials.

Relevant documentation

- 2025 Bourstad Challenge - Important Dates and Deadlines
  - https://bourstad.cirano.qc.ca/DL/BT25_rules/EcheancesTabelauSynthese.html
- Portfolio management in a Bourstad simulation
  - Documentation/How it works
- Median Assets and liabilities of households- Canada and Quebec, 2023
  - Documentation/Educational content
- Video recording - The Basics of Stock Market Investing Webinar (February 3, 2025)
  - PDF version of the presentation

A Primer on the Canadian ETF Industry

Erika Toth, CFA

- Director & Team Leader
  ETF Distribution
  BMO Global Asset Management
  - Joined BMO Global Asset Management 11 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

Project manager

CIRANO 3 YEARS
Knowledge into action

Main partner

Autorité des marchés financiers

Media partner

les affaires

Gold Partners

OCRI · CIRO
Organisme canadien de réglementation des investissements
Canadian Investment Regulatory Organization

TD

CFA Montréal

Finance Montréal

Silver Partners

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Acknowledgements

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- To CIRANO's Events Coordinator, Ms. **Élina Caron**
- **To all those who attended this second webinar of the Bourstad 2025 series and those who will see the recording**

Next webinar

- **Sustainable Investment in the Bourstad Challenge**
  Thursday, March 6, 7:00 p.m. to 8:00 p.m.
- Guest expert:
  - **Thomas Estinès**, co-director of the Groupe Investissement responsable (GIR)