

RUTGERS UNIVERSITY  
School of Business – Camden

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**PRIVATE WEALTH MANAGEMENT**

53:390:545 online Spring 2024

Tuesday to Monday

Professor: Dr. Andrei Nikiforov, PhD  
Office Phone: (856) 225-6594  
E-mail: andnikif@camden.rutgers.edu

Office: BSB435  
Office Hours: By Appointment

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**COURSE DESCRIPTION:**

In this course, students embark on a journey to uncover the intricacies of private wealth management. Through a comprehensive and unified framework, students will learn to navigate the complex landscape of investment choices and craft tailor-made plans to achieve the financial and personal goals of high net-worth individuals and families. Along the way, students will delve into a range of fascinating topics, including the purpose and objectives of private wealth management, fundamental investment planning and strategies, the various investment asset classes, the impact of income tax on wealth management, retirement planning, insurance and risk management, and estate planning. This is an journey that will equip students with the knowledge and skills to succeed in the field of private wealth management.

**REQUIRED TEXTBOOK:**

- “The New Wealth Management: The Financial Advisor's Guide to Managing and Investing Client Assets”, Wiley, 2011. ISBN-13: 978-0470624005

**RECOMMENDED MATERIALS:**

*NOTE: The following are NOT required, but recommended.*

You should read The Wall Street Journal as it is a premier source of most business and finance related news. Substantial student discounts are available at the WSJ student rates subscription page. I will refer periodically to various WSJ content. Although not required, a subscription to The Wall Street Journal is highly recommended. Your future boss and colleagues are all reading it NOW!

You should also read something with a broader and more global focus. I strongly recommend The Economist, which also offers substantial student subscriptions. The Financial Times is another excellent source of finance news. Visit the Financial Times Education contact page and contact them regarding a student subscription for the semester, if not for the year.

**TEACHING METHODS:**

The material presented in the textbook provides the essential backbone of the course. However, much of your time will be devoted to activities that flesh out the material presented in the text. For this teaching approach to work, it is necessary that you read all textbook material assigned for a class *before* taking the first assignment. Reading all assigned material should be your first priority, doing all other assigned homework on-time, consulting with the professor immediately when you need help, and class

participation via discussion forum are strongly recommended actions for the student to excel in this course.

### **Syllabus updates and other course communication:**

All changes and announcements will be made through the course website on Canvas. If you do not use your rutgers.edu email domain for your email address, please insure that you forward messages to whatever email address you use. Handouts will be post on Canvas from time-to-time. You are responsible for keeping up with this course. Be sure to check the course web site on a daily basis.

### **COURSE GOALS AND OBJECTIVES:**

The finance area at the School of Business – Camden has adopted the following Learning Goals and Objectives for Finance 545.

#### **Course-level objective 1: Understand the four major categories of the Wealth Management Process.**

Module-level objectives: Students will be able to:

1. Identify and discuss the major elements of the client profile
2. Identify and discuss the major components of a wealth management investment policy
3. Identify and explain what fiduciary duty is, its history, and how it is applied in practice
4. Identify and discuss the main sources of professional standards and examples of how they are applied to solve ethical investment dilemmas.
5. Construct an investment policy statement (IPS)
6. Conduct performance appraisal and evaluation of a portfolio manager

#### **Course-level objective 2: Understand the importance of client goals and constraints in Wealth Management Process.**

Module-level objectives: Students will be able to:

1. Identify and discuss the types of typical goals for a client
2. Explain the importance of a risk objective
3. Analyze typical clients' constraints

#### **Course-level objective 3: Communicate and educate clients about risk.**

Module-level objectives: Students will be able to:

1. Define and measure risk tolerance
2. Identify common behavioral biases and their effect on investment performance
3. Identify and Measure clients' capital needs.
4. Discriminate among different phases of the Investment process

#### **Course-level objective 4: Understand the mathematics of investing and modern portfolio theory.**

Module-level objectives: Students will be able to:

1. Calculate various return measures
2. Contrast various risk measures
3. Calculate and contract various performance measures
4. Describe the importance of covariance/correlation to diversification
5. Know the basics of Capital Market theory
6. Describe theories complimentary to the Modern Portfolio Theory (e.g. Chaos theory)

#### **Course-level objective 5: Understand the role of asset allocation and Portfolio Optimization and Management in investment success.**

Module-level objectives: Students will be able to:

1. Summarize the benefits and implementation of various asset allocation strategies
2. Recognize the elements of a rigorous portfolio optimization implementation

3. Perform sensitivity analysis, calculate downside risk, and perform regular rebalancing as part of the portfolio optimization process.
4. Describe the issues related to short-term asset allocation
5. Contrast passive vs active approaches to investments
6. List various strategies for Equity, Fixed Income, and Alternative investments.

**Course-level objective 6: Understand the role of taxes in the investment process.**

Module-level objectives: Students will be able to:

1. Contrast the processes of ‘tax reduction’ vs. ‘wealth accumulation’
2. Calculate tax-adjusted returns for various assets
3. Explain tax-loss harvesting
4. Describe the use of Variable annuities in tax reduction

**Course-level objective 7: Understand the process of retirement planning.**

Module-level objectives: Students will be able to:

1. Explain the accumulation stage and calculate clients’ retirement needs
2. Describe the issues facing clients in their distribution phase

**STUDENTS WITH LEARNING DISABILITIES**

Students who are seeking an accommodation because of a disability are directed to the website <http://learn.camden.rutgers.edu/disability/disabilities.html> or they can contact the Camden campus Disability Coordinator, Mr. Tim Pure at 856-225-6442, Armitage Hall Room 362. The email address is [disabilityservices@camden.rutgers.edu](mailto:disabilityservices@camden.rutgers.edu). All contact will be considered confidential.

**COURSE REQUIREMENTS:**

**1. EXAMS:**

There will be three exams – two regular midterm exams and a final. Each will consist of questions designed to test understanding of the facts and concepts of the course and how they can be applied to practical investment problems.

**Academic Integrity:**

“Academic integrity requires that all academic work be wholly the product of an identified individual or individuals. Joint efforts are only legitimate when the assistance of others is explicitly acknowledged...The principles of academic integrity entail simple standards of honesty and truth. Each member of the university has a responsibility to uphold the standards of the community and to take action when others violate them...Students are responsible for knowing what the standards are and for adhering to them. Students should also bring any violations of which they are aware to the attention of their instructors.”<sup>1</sup>

Students are expected to know, understand and adhere to the policies on academic integrity outlined above. Procedures for violation of these policies outlined in the University Code of Academic Conduct will be followed.

**Exam Make-up Policy:**

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<sup>1</sup> Rutgers University Code of Academic Conduct, taken from the Student Advising Handbook - <http://camden-sbc.rutgers.edu/CurrentStudents/students/advising.pdf>.

If, for a university approved reason, you cannot take an exam at the scheduled time you must give the professor written notice at least one week in advance so that other arrangements can be made. If the situation does not allow for advance notification (for example, emergency hospitalization), contact the professor as soon as possible after a missed exam. Make-up exams for non-university approved reasons are not guaranteed. I reserve the right to request written documentation to support your absence (such as a doctor's note, an obituary, or military orders).

## 2. **PARTICIPATION:**

It is expected that you will contribute regularly to the weekly class discussions. Your online forum posts and replies should be thoughtful and should reflect your careful reading of the assigned course material.

## 3. **HOMEWORK ASSIGNMENTS (Quizzes):**

Quizzes are difficult and are based exclusively on the content of the current chapter. You should carefully read the chapter before attempting to take the quiz.

## 4. **PROJECT:**

The project is based on Excel and is designed to help you integrate the theoretical knowledge through the hands-on activities that include dealing with real world (messy) data and applying cutting edge techniques such as portfolio optimizers as well as Monte Carlo simulation.

## **GRADING:**

For the assignment of final grades, the course requirements will be weighted approximately as follows:

Midterm exams (each of two)	10%
Final exam .....	10%
Weekly Quizes.....	25%
Online Discussions.....	25%
Project.....	20%
90-100% .....	A
85-89% .....	B+
80-84% .....	B
75-79% .....	C+
70-74% .....	C
Less than 70% .....	F

## **ADMINISTRATIVE DETAILS:**

- **[ January 29]:** Last day to DROP a course without a W grade.
- **[April 1 ]:** Last day to DROP courses with a W grade and without academic penalty.
- Any students in need of classroom accommodations due to disabilities should see Associate Dean Nathan Levinson in BSB248. You may also contact him by Email at [nlevinso@camden.rutgers.edu](mailto:nlevinso@camden.rutgers.edu) or by phone at 856-225-6216.