

Subject: MPSIF - Individual Assessment Prospectus Reports

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From: "Michael Keenan" <mkeenan@stern.nyu.edu>

To: Michael Keenan <mkeenan@stern.nyu.edu>

December 8, 2003

TO: Graduating MPSIF Students
(and to the rest for your information)

It is hard to believe, but your two semesters are almost over and it is time I must start to think about turning in some grades for you. This is just a reminder that to do that, you need to turn in to me your "Individual assessment prospectus" by January 15th at the latest. Since the Portfolio Managers will be doing their own peer reviews of you (and the rest of the team), the PMs may ask for some of the same input you put in your prospectus file.

Attached is a copy of the standard note on grading for MPSIF and directions for the "individual assessment prospectus", and answers below to a few of the frequently asked questions (FAQ) about MPSIF grading. Be sure to ask if you have additional questions.

WMK

FAQ about MPSIF Grading

1. **Do we have to get letter grades for MPSIF (B55.3320)?** Yes. The founding students were asked whether they wanted letter grades, pass/fail grades, or some combination. At that point in time the Associate Dean was willing to experiment with a variety of options. The students were almost unanimous in selecting letter grades. With new Associate Deans to educate, and faculty to convince, it would take approximately six months to change current policy for this course.

2. **Is MPSIF graded according to the "Stern Curve" or the "Department of Finance" curve?** Yes and no. First, you are a selected group of students ---roughly 40 out of 70 applicants. If the PMs and I have done that right, then we have already screened out the most likely candidates for the lower tail. Has any MPSIF student ever received a "C" grade? Yes, but they knew why from both their PM (and their fellow team members) and from me. If we are an elite group, does that mean that half or more of us will get A / A- grades? Probably not. I am a firm believer that "A" is a competitive rank/order grade. It's like the Olympics. You are already a champion if you get there ---and I am willing to write a letter testifying to the fact that all MPSIF students have extraordinary backgrounds and seem to really develop and extend some of their professional skills in MPSIF. But not all of you will stand on the podium.

It may be worth adding a note that contrary to some impressions, faculty do not really fit students into some target grading curve. Students fit themselves into a performance distribution, and in most cases it's relatively easy to translate that into related letter grades. Each of you came into this course with different skill sets and time available for the course. It's no different from the real world. You have had to make time / energy tradeoffs for different tasks. Sometimes you guess right and hit the jackpot across the board, and sometimes the payoffs are not quite what you would like for one or two of the tasks. As portfolio managers you probably have a clearer understanding of this than most other students (and real world managers!).

3. **How are the PMs and President evaluated?** They are evaluated the same as the rest of you except that the professor input is probably 50% - 60% rather than roughly 30%. At least a couple of the members from each team are asked to informally comment on the strengths / weaknesses of the officer group and comments from any of you are always appreciated.

4. **What grade do I receive at the end of the first semester?** The registrar has been leaving it blank, or inserting an "S" grade (satisfactory) or an "IP" grade if they have time.

WMK

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NEW YORK UNIVERSITY
Stern School of Business

B55.3320
Managing Investment Funds

Prof. M. Keenan
December 2003

A Note on Course Grading

As you know, we must deliver a course grade for those of you who are completing your second semester of participation in MPSIF. I am absolutely convinced that our selection process has been good enough that you are all above-average Stern students. The work I have seen to date confirms this. But as you know, firms like Goldman Sachs can also hire the very best MBA students from around the world and they cannot pay the "big bonus" to all of them after the first year. Neither can we offer an A grade to all of you. I hope that you feel as I do that the value of this integrative course experience is not so much in adding one more letter grade to your portfolio as it is in participating in such an integrative experience, in being able to say on your resume and elsewhere that you have managed real money (and that you are a founder-member of a fund management group), and that you feel good about the fact that your efforts in managing this endowment fund enable NYU and Oklahoma students to have a fuller educational experience.

We will use three kinds of inputs to help determine relative contributions / grade rankings:
(roughly the PM and President input will count for about 70% and the assessment / Keenan input for about 30%)

1. Input and discussion with the MPSIF President.
2. Input and discussion with each of the MPSIF Portfolio Managers.
The PMs will have consulted with the members of their funds individually and in any other way they deem appropriate to help provide assessments (including peer ratings).
3. An individual assessment prospectus from each team member.

In the ***individual assessment prospectus*** you should have the following:

- a. A summary outline / diary of the work you have done for the fund over the past two semesters. All of you have played several roles. Do not be shy about incorporating that into the description of your work.
- b. Samples of any writing you have done or research reports you have given.
- c. A summary paragraph indicating any recommendation you want to make on the relative size of your bonus. Assume there is one million dollars to distribute unequally among the fund members. What is your appropriate share?

Please put the *individual assessment prospectus* materials in a file with your name on it and turn in to Keenan on or before January 15, 2004 at 4:00 p.m. Be sure to keep a copy for your own files (do not email materials; I'm not your printer! You can mail it to:
Prof. M. Keenan NYU Stern Finance; 44 West 4th St. Ste. 9-190; New York, NY 10012).