Outlook

Re: trade?

From Darrell Day <u0806547@utah.edu>
Date Tue 11/11/2025 10:32 AM
To Jonathan Brogaard <brogaardj@eccles.utah.edu>

Sounds good, I think that's a fair approach.

I share your concern about the missing test records in the appendix. I took a moment at the end of class yesterday to clarify why we require them and walked through a few examples of what should be included.

I'm finalizing the feedback drafts now - aiming to strike a constructive tone while reinforcing the key concepts that seem to have been missed. I'll send them around noon — looking forward to your feedback to confirm whether the technical suggestions are on point. I've reviewed the supporting literature for each pitch, but with the ambiguity in how some of the Bloomberg criteria were applied, I want to be careful not to add confusion.

Re: replicability, I was curious about this possible friction point yesterday and went to review our course materials. There's a section which instructs teams to save and share their Bloomberg strategy profiles with the TA account inside Bloomberg itself for archiving. I'll check why that hasn't been happening and whether it's still a viable process.

I'll also spend some time thinking through ways to catch these issues earlier and log possible adjustments for future cohorts. I'm looking forward to Jack's perspective on Thursday. I think it may help calibrate whether my concern over the learning curve is proportionate.

Best,

From: Jonathan Brogaard <brogaardj@eccles.utah.edu>
Sent: Tuesday, November 11, 2025 10:10 AM
To: Darrell Day <u0806547@utah.edu>
Subject: RE: trade?

So I agree this is not great. I am still going to let the trade go through, mainly because it is I extremely large and well-known companies.

That being said, we need to make sure future classes learn from this. I am not sure what the best way to proceed with this year's cohort though given we only have two teams left. Perhaps we can spot these issues before they present and have them address it?

Replicability is key. Can you have them share their exact screening criteria so that you or Henrique can reproduce the results.

I do not like that, after multiple mentions, the different specifications were not included in the appendix.

From: Darrell Day <u0806547@utah.edu>
Sent: Tuesday, November 11, 2025 6:13 AM
To: Jonathan Brogaard <brogaardj@eccles.utah.edu>
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1. Once again we are faced with a derivation of the thesis originally proposed in the literature - the adjustment the group made are out of necessity due to our constraints re: derivatives, margin etc. We can't replicate the mechanisms the authors use to capture outperformance in the price inefficiencies represented by the spread's abnormal misalignment.
2. Because we can't actually test the thesis, we have to extrapolate our own. But the newly defined thesis is poorly defined. It's not clear enough that they're trying to test "even in the absence of the original factors used to amplify quality based spreads, can we still identify outsized performance in "quality" positions?
3. This begins to essentially be a fundamental analysis pitch dressed up as systematic. Their is no consistent logic in multiple line items from their screening criteria, nor is there discussion about whether these metrics intended to identify "quality" are sensitive to time.
4. They overfit. One look at that graph and it's clear as day. Not to mention their Betas were different when I reviewed the material the night before compared to what they presented yesterday morning, and they are not able to clearly communicate what caused the difference.
5. Screening parameters are ambiguous and potentially difficult to reproduce. This is the result of them intentionally rephrasing how the criteria was phrased in bloomberg. They did this because the original criteria made no sense. "top 100% of x" "bottom 100% of why"... they were just booleans at that point for the selected trait, but the group didn't realize that until it was pointed out.
6. I think a cohort selectively identified via quality features shouldn't have as high of a turnover rate as they did. Roughly ~28% if I remember correctly. This is just an intuition though, maybe I'm wrong.
7. TLDR: I think their deck "appears" to validate the thesis, but the criteria's connection to the original thesis, and how they accounted for the MSIF specific leverage constraint was basically a non-answer. I had a strong sense that they just picked numbers that had a positive historical return (apparently because Ethan indirectly told them to). To me, this demonstrates a lack of the foundational concept behind this exercise.

I may be off though. These were my initial notes.

From: Darrell Day <u0806547@utah.edu>
Sent: Tuesday, November 11, 2025 5:47 AM
To: Jonathan Brogaard <brogaardj@eccles.utah.edu>
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Yes, sending momentarily

From: Jonathan Brogaard <brogaardj@eccles.utah.edu>
Sent: Tuesday, November 11, 2025 5:42 AM
To: Darrell Day <u0806547@utah.edu>
Subject: trade?

The group that we voted to execute the trade for, how did the presentation go? Any concerns about this trade being executed?