FIN810: Week 9

Small talks.

Course overview for Week 10-11

* Week 10:
  + Close out all the stock positions from Wall Street Survivor before Friday, June 14. On Sat, June 15, you should only have cash.
  + Portfolio optimization;
  + Group presentation;
    - Overview and strategy
    - Investments
    - Brief (high-level) analysis results of your stocks
    - Show cases
    - Reflection
  + Final exam review (the review document will be on SMCMBA by 9AM, Monday June 10, 2019)
* Week 11: Final exam is a take home (due to the unexpected system crash of SAS studio for the midterm exam). I will post the exam on Sunday June 16 by 9AM, and due on Saturday June 22 by 9PM. Final group project is due on Saturday June 22 by 9PM. I strongly suggest to NOT wait for the last minute for your work. Team survey due by 9PM, Saturday, June 22.

Class agenda

1. Review topics: Hypothesis testing and market anomalies
   * 1. Textbook: Chapter 7, section 1, 2, 3 (pp 281-304)
     2. Slides: Lecture 14 APT, Market Efficiency Return Anomalies: slide 1-11
     3. SAS studio: Market anomalies (calendar anomalies)
2. Portfolio optimization (Excel)
   * 1. Portfolio return and variance of return: p175-179
     2. Portfolio optimization (slides: Chapter 11 Review of Portfolio and APT; Excel Optimization Slides; Excel: Optimization Example Five Assets.)
        1. min-variance portfolio
        2. ~~efficient frontier~~
        3. ~~global min-variance portfolio~~
        4. ~~tangent portfolio (with the highest Sharpe ratio)~~
        5. graph
3. Use the excel function MMULT to get portfolio std and then have the optimization. SMCMBA examples include Slide chapter 11 6 ; Slide chapter 11 8 9 ; Excel optimization example

Zoom office hours: 6:30-7:30PM Wednesday June 12, 2019.

Zoom office hours for final exam’s clarification questions: 6:00-7:00PM Thursday June 20, 2019

Group HW, due Friday 2PM, June 14.

1. For all stocks in your portfolio, get their daily/weekly returns from 1/2/2018 to ~~6/7/2019~~ (your decision) and repeat the optimization procedure.
   * + 1. Given target returns, find the min variance portfolio
       2. ~~Max sharpe ratio~~
       3. ~~Min variance~~
       4. Graph

Individual HW: due 2PM, Friday June 14. You can email me a picture of your work.

1. Slide Chapter 11, page 7, N-asset portfolio. Please expand this general variance formula for a 5-asset case.