Capstone Sim Portfolio
Objectives, Activities, and Grading – Module 3

Module 3 – Behavioral Finance

In Module 3, you will reflect on behavioral biases you have already noticed in your own investment management experiences or biases you anticipate might be an issue for your Sim Portfolio. It is best to complete this activity after you have finished the behavioral finance case studies. You will also begin weekly pricing of your Sim Portfolio.

SIMS Bullet Point Instructions

- Fill in **Final Report** (page 2)
  - Briefly describe your three most important behavioral biases and make recommendations for limiting these biases (page 2 top)
- Begin weekly pricing (Friday closing prices) of all assets in **Price Inputs**

Note: You may price weekly or wait until Module 5 to enter prices for all five weeks

Detailed Instructions

Briefly discuss the three most important behavioral issues you face, along with ways in which you will prevent yourself from engaging in this behavior in the **Final Report** section titled “Behavioral Biases” (page 2 top).

Price Inputs

In this module, you will also begin weekly pricing your Sim Portfolio, using the **Price Inputs** sheet. The Policy Portfolio is in the table at the top and the New Tactical Positions are in the table at the bottom. Based on the starting Monday of Module 1 that you put into **Policy Portfolio**, SIMS will input each Friday of the five weeks corresponding to the five Modules.

One thing to note is that until you put weekly prices in, SIMS will continue to calculate the value of your portfolio using the buy and sell prices.

Current Portfolio

The **Current Portfolio** tab will show all of your assets, both Policy and Current Portfolio across all weeks (shown by ETF in alphabetical order). It will also calculate the “Portfolio Total Value” (cell E8) and will create a pie chart (to the right of the “Current Portfolio” table) putting your ETFs into the five Asset Classes.

Your Current Portfolio will change week by week. So, in the “Prices as of” box (cell E5), put in whatever week you want to view.

- **Very important**: For this sheet to work, you must be sure that you are in the correct week and that you have input the weekly prices at the end of each week.

Note: The “Portfolio Total Value” (cell E8) and the pie chart are based on weekly prices from the **Price Inputs** page or on the purchase price if no weekly price is available. Make sure you are in the correct week. Otherwise, the portfolio value will be off if investments were bought or sold.

You will need to cut and paste the Current Portfolio Allocation pie chart (as a picture) into the **Final Report**. You can change the pie chart week-by-week, change it every time you shift allocation, or just wait until the end of the Simulation to copy and paste your Current Portfolio pie chart.

Module 3 – Grading Rubric

Below is the grading rubric on Module 3 activities that will be used in Module 6 peer grading of your final Sim Portfolio product.

Behavioral Finance

Was a listing of three personal behavioral biases noted along with ideas for remedying these biases discussed in the **Final Report** (page 2 top)?

0 – Not done
1 – Partially done (less than three noted or three noted but no ideas for remedying)
2 – Completely done