B500 Master Seminar on Finance
- Summer term 2019 -
Asset Allocation and Portfolio Management

Registration and Organization

The seminar is particularly aimed at master students who are interested in writing their thesis in the research area of Finance. It is particularly suited for students who participated in at least one course in the field of finance and/or financial econometrics. However, this is not a formal prerequisite.

List of Topics

1. **Allocation Risk**
   Minimum Variance, Equal Risk Contribution, Maximum Diversification, Tangential Portfolio, 1/N Portfolio

2. **Portfolio Insurance**
   Synthetic Put, Constant Proportion, Stop-loss

3. **Portfolio Selection using Security Analysis**
   Treynor/Black (1973): How to Use Security Analysis to Improve Portfolio Selection

4. **Smart Beta Investment Strategies**
   Fama/French (1992): Common risk factors in the returns on stocks and bonds

5. **Tail Risk Factor Premium**
   Fama/MacBeth (1973): Risk, Return, and Equilibrium: Empirical Tests

6. **Risk Prediction Risk**
   Koziol/Proelss/Schweizer (2011): Do Institutional Investors Care About the Ambiguity of Their Assets? – Evidence from Portfolio Holdings in Alternative Investments.

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WIRTSCHAFTS- UND SOZIALWISSENSCHAFTLICHE FAKULTÄT
Lehrstuhl für Finance
Prof. Dr. Christian Koziol

7. **Illiquidity and Portfolio Allocation**

   Getmansky/Lo/Makarov (2004): An econometric model of serial correlation and illiquidity in hedge fund returns

8. **Portfolio Optimization with Personal Beliefs**

   Black/Litterman (1992): Global Portfolio Optimization

Students have to register by sending an email to fin-education@wiwi.uni-tuebingen.de with an up-to-date CV (one-pager), a current transcript of records (or a list of courses with grades) and your five topic preferences in descending order, i.e., 1. most - 5. least preferred topic, until **Monday, April 15 (end of day)**. Please also state whether you are **not** able to present in German language. The Kick-Off will take place on **Friday, April 26** (10 - 12 AM, Raum 236 Neue Aula).

Students write a paper in groups and the topics will be assigned based on the following procedure: We randomly select a student, who will be assigned to her or his first preference. The next student, who is again randomly selected, receives her or his highest preference only in case the respective group is not complete yet. In case the topic is not available any more, the student will be assigned to the second highest preference and so on.

The papers and abstracts have to be delivered to the offices of the Department of Finance by **Friday, June, 21 at 11 AM**. Each group should submit two stapled printouts (no hardcover or binding required) as well as an electronic copy (including the text in pdf as well as all data and computations).

The final presentations will take place well in advance of the exam period. It is expected that each group member presents a portion of the joint work. Each group has a net presentation time of 30 minutes. Great importance is attached to an interactive discussion between all participants and presenters in order to treat the topics from different perspectives and to respond to questions intensely. Therefore, the total time available per group is about 90 minutes.

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Please note: Experience in the use of spreadsheet software (like Microsoft Excel) is required. Alternatively, students may want to familiarize themselves with advanced academic software packages like MATLAB to prepare for their final thesis.