

Dissertation Seminar
ASSET ALLOCATION

Academic Year: **2017/2018**

Semester: **1st**

Instructor(s): **JOSÉ FAIAS**

Max. Number of Students: **5**

Seminar Description:

A master thesis is a chance to investigate thoroughly a topic chosen by the student and it can be an invaluable learning experience. Writing a master thesis is an important part of the program. It requires the application of theory to practice, or the testing of a specific theory. This workshop is structured to help students to write their Master thesis in applied scientific projects in themes related to Empirical Finance. This workshop offers participants an opportunity to develop leading edge research on *Asset Allocation*. It comprises a mix of group and individual mandatory sessions. Throughout the sessions, students will be asked to present their current work and to comment the work of others. **This is a full time workshop and no long-distance students are allowed.** This entire workshop is held in English. Hence, the thesis can only be written in English. Individual support is available by appointment. **A maximum of 3 hours total per individual is allowed.** Please budget your efforts accordingly. Only students that were approved at the Empirical Finance/Methods in Finance course or equivalent are allowed to attend this workshop. Students willing to attend this workshop are expected to have had at least 16 out of 20 in Empirical Finance/Methods in Finance course or equivalent. Notice that students with less than this threshold have struggled to finish this workshop with success in the past. **This workshop does not warrant any minimum grade.**

Seminar Content:

Students will develop their skills around a particular topic and are expected to develop an innovative idea around that topic. Some of the skills are concerned with acquiring the knowledge of the specific area of interest through a state-of-the-art literature review, understanding the available tools, dealing with data and its associated limitations, performing statistical and economic analysis, relating conclusions to previous literature, and making policy recommendations.

This year, students will develop a thesis around the papers :

- *Dynamic portfolio selection by augmenting the asset space*, by Brandt and Santa-Clara (2006);
- *Optimal versus naive diversification: How inefficient is the 1/N portfolio strategy?*, by DeMiguel, Garlappi, and Uppal (2009)



Seminar Objectives:

Writing a thesis proposal according to the previous stated standards will require a serious effort on your behalf, and may take hard work to complete. On successful completion of this subject, students should have improved the following generic skills:

- Oral communication including presentation skills
- Written communication
- Problem solving and statistical reasoning
- Application of theory to practice
- Critical thinking
- Synthesis of data and other information
- Evaluation of data and other information
- Using computer software
- Accessing data and other information from a range of sources

Bibliography / Recommended Textbook(s) / Additional Readings:

Scientific articles used in the specific area of expertise from Finance and Economics Journals such as Journal of Finance, Journal of Financial Economics, Review of Financial Studies, Journal of Financial and Quantitative Analysis, Review of Finance, Journal of Empirical Finance, Journal of Banking & Finance, Journal of Financial Intermediation, Financial Analysts Journal, Financial Management, Journal of Corporate Finance, Journal of Financial Markets, Journal of International Money and Finance, Journal of Money, Credit and Banking, Mathematical Finance, Journal of the American Statistical Association, Journal of Econometrics, Econometrica, Review of Economics and Statistics, Journal of Political Economy, American Economic Review, Journal of Monetary Economics, Review of Economic Studies, Journal of International Economics, Journal of Business and Economics and Statistics, Journal of Applied Econometrics, Oxford Bulletin of Economics and Statistics.

Biography:

José Faias holds a PhD in Finance (FE-UNL), a MSc in Statistics and Optimization (FCT-UNL), a MBA (CATÓLICA-LISBON) and a BA ("Licenciatura") in Mathematics - Actuarial Sciences (FCT-UNL). He was a visiting fellow at Harvard University and a visiting scholar at MIT. He has previously taught at FE-UNL and worked in the insurance and investment banking industry. At Católica-Lisbon he taught the undergraduate courses, and currently teaches at the MSc of Finance and Management programs. His research interests include empirical asset pricing, statistics and econometrics: option pricing, extreme events, regime switching models, asset allocation, international financial markets, risk management, and quantitative portfolio management.

Contact(s) and Office Hours:

Email: jfaias@ucp.pt Office: 5305-A.

Individual support is available by appointment. A maximum of 3 hours total per individual is allowed. Please budget your efforts accordingly.

Schedule:

Grading will be based on the quality of the written document and final presentation. Session active participation is expected. **Students must be present in EVERY session.** If you not qualify for this requisite you should not enroll in this workshop.

At this workshop, students are expected to deliver the thesis in the first submission deadline. Illness or related motives are the only reasons to deliver in the late submission deadline. For this to happen, you need to deliver the first draft of the thesis a month before the deadline. The final draft needs to be delivered until 10 days before the deadline so that the student is allowed to submit the thesis on the defined deadline.

Due dates are non-negotiable. In signing up for this seminar, each participant commits to meet the proposed deadlines. There are no exceptions.

In each session all students will present their findings using PowerPoint slides. There may be additional sessions booked ad hoc. The following sessions are mandatory:

Session 1: Presentation of Main Idea/Motivation/Objectives
September 12 (Tuesday) 3.30-4.50pm Room TBA

Start writing the individual research proposal
Session 2 Research Group Progress Meeting: Main Idea/Data/Methodology
October 10 (Tuesday) 3.30-4.50pm Room TBA

Start writing the final draft
Session 3 Research Group Progress Meeting: Summarize Previous Sections and Results
November 7 (Tuesday) 3.30-4.50pm Room TBA

Thesis draft delivered
Session 4 Final Presentation
December 5 (Tuesday) 3.30-4.50pm Room TBA

Final Thesis delivered

Deadlines:

The full list of dates and deadlines can be consulted [here](#).