



INTRAMURAL MEMORANDUM

To: Sloan Students

From: Andrew Lo and David Scharfstein

Date: February 3, 1995

Subject: *Financial Engineering/Financial Management Proseminars*

We are pleased to announce this Spring there will again be two finance proseminars -- the Proseminar in Financial Engineering [15.962] and the Proseminar in Financial Management [15.971]. Both proseminars give students the opportunity to link the theory of finance with the practice of finance. Students will work in teams on a project proposed by one of the seven proseminar speakers. The research report produced by the student teams provides practical experience gained from attempting to solve some of the real and diversified problems facing financial practitioners today.

The proseminars will meet jointly on Thursdays from 4:00-5:30 in E52-175. Half the sessions will focus on issues in Financial Engineering and the other half will feature Financial Management issues. Given the important ties between the two areas of finance, we are encouraging students to attend both sessions.

The proseminars are open to everyone, but we will give first priority to track participants. Sloan students, non-Sloan MIT students and non-MIT students are welcome if space allows. Students should sign up for only *one* of the two proseminars.

To register for either proseminar, you *must* attend the organizational meeting on Thursday, February 9th at 4:30 p.m. in E52-175. A reception will follow in the MIT Faculty Club.

**15.962 Proseminar in
Financial Engineering
and
15.971 Proseminar in
Financial Management**

All MIT students and faculty are invited to attend!

Thursdays 4:00 - 5:30 p.m.

Room E52-175

- | | | |
|-----------------|------------|---|
| February | 9: | Organizational Meeting [Note: 4:30-5:30/Reception to follow] |
| March | 2: | Robert Jones, <i>Vice-President</i>, GOLDMAN SACHS |
| March | 9: | Anthony Garcia, LEHMAN BROTHERS |
| March | 16: | Peter Muller, <i>Vice-President</i>, MORGAN STANLEY |
| April | 6: | Jeffrey Benjamin, APOLLO ADVISORS |
| April | 13: | Glenn J. Satty, <i>Managing Director</i>, SWISS BANK CORP. |
| April | 20: | Ramesh Karnani, MARAKON ASSOCIATES |
| April | 27: | Paul Stimson, <i>Assistant Vice-President</i>, COMMODITIES CORP. |
| May | 4: | Joseph Steuert, THE TRANSPORTATION GROUP |

15.962	Lo -- Fall '94 (12/19/94)				# of		stand.
					resp.	mean	dev.
Overview							
	The content of this subject was excellent.				7	4.86	0.38
	The professor presented and organized the subject well.				6	4.50	0.84
	The material covered by this subject will probably be very useful to me, now or later.				7	4.86	0.38
	All in all, I enjoyed this subject.				7	4.57	0.53
	The professor was available outside of or after class.				7	3.86	1.07
	I would recommend this subject to other students.				7	4.86	0.38
	I would recommend this professor to other students.				7	4.43	0.53
	Using the following scale , I would rate the workload as:				7	1.86	0.90
	1=very heavy, 2= heavy, 3=moderate, 4=light, 5=very light.						
Subject Content							
	This subject had sufficient theoretical content.				8	4.63	0.52
	This subject had sufficient practical and management applications.				8	5.00	0.00
	The textbook(s) and supplementary readings added to the learning experience.				2	3.50	0.71
	Homework and assignments added to the learning experience.				5	5.00	0.00
	Computer exercises added to the learning experience.				5	4.80	0.45
Teaching Methods							
	The professor gave lectures that were clear and well organized.				0	#DIV/0!	#DIV/0!
	The professor managed class discussion effectively.				4	4.00	1.15
	The professor presented visual aids that were organized and legible and that enhanced learning.				1	5.00	#DIV/0!
	Assignments and exams were explained clearly and processed efficiently.				6	4.83	0.41
	The professor was enthusiastic about the subject.				8	4.88	0.35
	The professor respected all students and was considerate of their backgrounds and experience.				7	4.57	0.53
	The teaching assistants were organized, helpful and available.				8	5.00	0.00
	The teaching assistants were sufficiently knowledgeable in the subject content.				8	4.88	0.35
Scale							
	5 = Strongly Agree						
	4 = Agree						
	3 = Neutral						
	2 = Disagree						
	1 = Strongly Disagree						

15.971	Scharfstein -- Fall '94 (12/19/94)	# of	stand.
		resp.	mean dev.
Overview			
The content of this subject was excellent.		11	4.27 0.79
The professor presented and organized the subject well.		10	3.10 1.20
The material covered by this subject will probably be very useful to me, now or later.		11	4.18 1.17
All in all, I enjoyed this subject.		11	4.18 0.98
The professor was available outside of or after class.		10	3.00 1.56
I would recommend this subject to other students.		11	4.36 1.03
I would recommend this professor to other students.		10	3.20 1.48
Using the following scale , I would rate the workload as:		9	2.56 0.88
1=very heavy, 2= heavy, 3=moderate, 4=light, 5=very light.			
Subject Content			
This subject had sufficient theoretical content.		9	3.78 1.20
This subject had sufficient practical and management applications.		11	4.64 0.50
The textbook(s) and supplementary readings added to the learning experience.		2	4.00 1.41
Homework and assignments added to the learning experience.		10	4.70 0.48
Computer exercises added to the learning experience.		4	4.25 0.96
Teaching Methods			
The professor gave lectures that were clear and well organized.		1	4.00 #DIV/0!
The professor managed class discussion effectively.		2	3.00 1.41
The professor presented visual aids that were organized and legible and that enhanced learning.		1	3.00 #DIV/0!
Assignments and exams were explained clearly and processed efficiently.		6	3.00 1.41
The professor was enthusiastic about the subject.		7	3.00 1.41
The professor respected all students and was considerate of their backgrounds and experience.		6	3.50 1.64
The teaching assistants were organized, helpful and available.		9	4.33 0.87
The teaching assistants were sufficiently knowledgeable in the subject content.		8	4.50 0.76
Scale			
5 = Strongly Agree			
4 = Agree			
3 = Neutral			
2 = Disagree			
1 = Strongly Disagree			

INVESTMENTS

This course provides an applied coverage of the pricing of financial assets from various markets. The lectures closely follow *Investments* by Bodie, Kane, and Marcus. The topics covered fall into three general categories: (1) the valuation of stocks; (2) the pricing of fixed-income securities; and (3) the pricing and hedging of derivative assets such as futures, forwards, swaps and options.

Pre-requisites for this course are: 15.061 (Statistics) and 15.415 (Finance Theory). Some programming skills, e.g. experience with Lotus 123 or Excel, are necessary. Students without these pre-requisites may enroll with the permission of the instructor.

Your course grade will be determined by your performance on the midterm (30%), final (40%) and group homework problems (30%). The examinations are closed book, but you may bring one 8 1/2 x 11 crib sheet to the mid-term and two 8 1/2 x 11 crib sheets to the final examination. You will need a calculator. The midterm examination will be given *in class* on Monday, 31 October 1994, and the final examination will be given *in class* on Wednesday, 14 December 1994.

Office Hours

Mondays 2:30pm - 3:30pm.

Required Text and Materials

1. Bulk pack of readings, visual aid materials and class notes — to be purchased during semester.
2. Z. Bodie, A. Kane, and A. Marcus, *Investments*, 2nd edition, Irwin, 1993. (BKM)
3. *The Wall Street Journal*.

15.433	Ng -- Fall '94 (12/16/94)				# of		stand.
					resp.	mean	dev.
Overview							
	The content of this subject was excellent.				36	2.28	1.00
	The professor presented and organized the subject well.				37	1.57	0.93
	The material covered by this subject will probably be very useful to me, now or later.				37	2.65	1.06
	All in all, I enjoyed this subject.				37	1.92	1.14
	The professor was available outside of or after class.				30	2.50	1.20
	I would recommend this subject to other students.				36	2.36	1.07
	I would recommend this professor to other students.				37	1.41	0.86
	Using the following scale , I would rate the workload as:				33	3.00	0.75
	1=very heavy, 2= heavy, 3=moderate, 4=light, 5=very light.						
Subject Content							
	This subject had sufficient theoretical content.				37	3.35	1.30
	This subject had sufficient practical and management applications.				37	2.16	1.17
	The textbook(s) and supplementary readings added to the learning experience.				36	2.50	1.23
	Homework and assignments added to the learning experience.				36	2.78	1.15
	Computer exercises added to the learning experience.				30	2.77	1.04
Teaching Methods							
	The professor gave lectures that were clear and well organized.				37	1.65	0.86
	The professor managed class discussion effectively.				35	1.57	1.01
	The professor presented visual aids that were organized and legible and that enhanced learning.				37	2.08	1.19
	Assignments and exams were explained clearly and processed efficiently.				37	2.95	1.29
	The professor was enthusiastic about the subject.				37	2.49	1.26
	The professor respected all students and was considerate of their backgrounds and experience.				36	2.11	1.28
	The teaching assistants were organized, helpful and available.				37	4.81	0.40
	The teaching assistants were sufficiently knowledgeable in the subject content.				37	4.92	0.28
Scale							
	5 = Strongly Agree						
	4 = Agree						
	3 = Neutral						
	2 = Disagree						
	1 = Strongly Disagree						