

## **The Finance Practicum Overview**

### **The Practicum**

The analytical finance major requires the completion of a finance practicum. The practicum is offered once a year during the spring quarter of the second year. The practicum is designed to provide a student an opportunity to work in depth on a practical problem posed by a participating firm. Groups of at most four students will work intensively on a problem for ten weeks.

A group of firms from Banking, investment management and consulting will each pose a project to address a problem. Participating firms in the past have included, Ford Motor Co., Eli Lilly and Valuemetrics. Any finance related area is feasible for a project. For example, projects could be in the areas of,

- Evaluation of new lines of business R&D spinoffs or acquisitions
- Assessment of portfolio strategies, sector and country asset allocation performance attribution
- Derivatives and risk management development of hedging strategies pricing exotic instrument

All participating firms must agree to,

- Propose one or more problems
- Provide assistance with institutional knowledge and if appropriate, unique data.
- Provide limited opportunity for the students to ask questions as they work through the problem.
- Attend the student presentation

Although some minimal participation by the firm is essential, participation beyond that is at the discretion of the firm. If unusual data resources are required we would ask that firms assist with this. On site time is at the discretion of the firm and students. Note that because the number of students and participating firms is uncertain, we cannot promise that a particular pose problem will be used for a project.

Depending upon the number of students electing the major, there will be one or more evening sessions in which the problems and solutions are present.

### **Course Requirements**

The goal of the course is a paper and accompanying presentation, addressing the company's posed problem. The course professor(s) will meet weekly with each group. Several times during the quarter, each group will give a brief presentation to discuss their progress and to obtain feedback from other groups. We will also have group discussions of academic papers that have relevance for the projects. Groups will be responsible for a presentation of these papers. There will be project presentations at the end of the quarter. Half of the student's grades will be determined by the quality of your participation and general helpfulness, both in your group meetings and in the joint meetings. In addition, at least once during the quarter there will be written group evaluations in which team members review other team members. Our hope is that the evaluations all report that everyone is a full participant in the project; in this case the evaluations will have no effect on grades. The written project and presentation will be graded as a unit and account for 50% of the student's grade.