

# Syllabus BA-seminar “Personal Finance”

## – winter term 24/25

The seminar is open for bachelor students in economics and mathematical finance. The maximum number of participants is 12. For math-finance students, priority is given to students writing their bachelor thesis building on the seminar.

### Content

The goal of the seminar is to familiarize you with important problems and how to deal with them for managing your own private finances. Towards the end of the seminar you shall be familiar with tools that allow you to manage your private finances “in a smart manner” and know pitfalls and how to deal with them.

### Language

The entire seminar (seminar paper, presentations, etc.) is held in English language.

### Schedule

The seminar is scheduled to be held on Friday, January 10, and Saturday, January 11, 2025. A kickoff meeting is scheduled to be held on Tuesday, October 29, 2024 at 10:00. Attendance at both the kickoff meeting and all presentations is a prerequisite to pass the seminar. A couple of days after the seminar, all participants are invited for individual meetings to receive feedback on their papers as well as (for those that build their bachelor thesis on the seminar paper) to discuss the content and title of the bachelor thesis.

### Indicative topics

We appreciate suggestions for topics (fitting to the theme of the seminar broadly defined). Please do not hesitate to suggest a topic when we contact you concerning your preferences (we will be in touch when the formal registration process is finished). Alternatively, you might want to write about one of the following topics with indicative literature (topics marked with \* are particularly suitable if you plan on writing your bachelor thesis at our chair):

1. **What can we learn from smart individuals’ portfolio decisions?\***: Grinblatt, Keloharju, Linnainmaa (2012): IQ, trading behavior, and performance, *Journal of Financial Economics*, 104, 339-362
2. **Why is finding smart portfolio strategies so hard?\***: DeMiguel, Garlappi, Uppal (2009): Optimal versus naive diversification: how inefficient is the 1/N portfolio strategy?, *Review of Financial Studies* 22, 1915-1953
3. **Portfolio strategies that make money, A\***: Brandt, Santa-Clara, Valkanov (2009): Parametric portfolio policies: exploiting characteristics in the cross-section of equity returns, *Review of Financial Studies* 22, 3411-3447
4. **Portfolio strategies that make money, B\***: DeMiguel, Garlappi, Nogales, Uppal (2009): A generalized approach to portfolio optimization: improving performance by constraining portfolio norms, *Management Science* 55, 798-812
5. **Are mutual fund managers able to systematically generate value?**: Carhart (1997): On persistence in mutual fund performance, *Journal of Finance*, 52, 57-82

6. **Trading on factors, A\***: Fama, French (2015): A five-factor asset pricing model, *Journal of Financial Economics*, 116, 1-22
7. **Trading on factors, B\***: Frazzini, Pedersen (2014): Betting against beta, *Journal of Financial Economics*, 111, 1-25
8. **Active versus passive investing\***: Cremers, Ferreira, Matos, Starks (2016): Indexing and active fund management: international evidence, *Journal of Financial Economics*, 120, 539-560
9. **Transaction costs\***: Lynch, Tan (2010): Multiple risky assets, transaction costs, and return predictability: allocation rules and implications for U.S. investors, *Journal of Financial and Quantitative Analysis* 45, 1015-1053
10. **Tax-optimizing retirement saving**: Fischer, Gallmeyer (2017): Taxable and Tax-Deferred Investing with the Limited Use of Losses, *Review of Finance*, 21, 1847-1873
11. **Tax-optimizing investment strategies\***: Fischer, Gallmeyer (2016): Heuristic portfolio trading rules with capital gain taxes, *Journal of Financial Economics* 119, 611-625
12. **Labor income and portfolio management, A\***: Cocco, Gomes, Maenhout (2005): Consumption and portfolio choice over the life cycle, *Review of Financial Studies* 18, 491-533
13. **Labor income and portfolio management, B**: Benzoni, Collin-Dufresne, Goldstein (2007): Portfolio choice over the life-cycle when the stock and labor markets are cointegrated, *Journal of Finance*, 62, 2123-2167
14. **Owner-occupied homes as an asset class\***: Fischer, Stamos (2013): Optimal life cycle portfolio choice with housing market cycles, *Review of Financial Studies* 26, 2311-2352

## Structure

Students are expected to write a seminar paper of 2 to 3 pages excluding cover page and references (12 point font size, Times font, double spaced, margins of 1 inch each at top, bottom, left, and right) that introduces the topic and sketches the research question, method, and – if applicable – data they want to explore in their bachelor thesis, which typically builds on the bachelor seminar. Maths-finance students not wishing to write a bachelor thesis in this field are expected to prepare a seminar paper of 12 to 15 pages that gives a more detailed overview over their topic. Your seminar paper has to be handed over to our secretary in room F332 no later than Monday, December 16, 2024 and an identical copy submitted to chair-of-finance@uni.kn no later than the same day stating “Submission seminar paper *your name*” in the subject line. Shortly after the submission of your seminar paper, you will receive a seminar paper of another participant. You are expected to prepare and present a discussion providing helpful comments on how your classmate’s work could be further improved. Further details on how to prepare a good discussion will be provided. Grading will be based on your seminar paper including its presentation (70%), your discussion (20%), and your participation during the seminar (10%). A passing grade in all parts is required to pass the seminar.

## Questions

If you have any questions, please do not hesitate to contact us at: chair-of-finance@uni.kn.

We look forward to working with you!

This file is current as of June 4, 2024