

Massimo Guidolin

Massimo.Guidolin@unibocconi.it

Dept. of Finance



Università Commerciale
Luigi Bocconi

MSC. FINANCE
MSC. CLEFIN
– PROF. MASSIMO GUIDOLIN

MAY 2014 MEETING
SOME THOUGHTS ON YOUR SECOND YEAR
CURRICULUM (MAJORS, OPTIONAL EXAMS
AND THESIS)

Bull and Bear Markets

S&P 500 Index (USD)

Monthly Returns: January 1926-December 2008

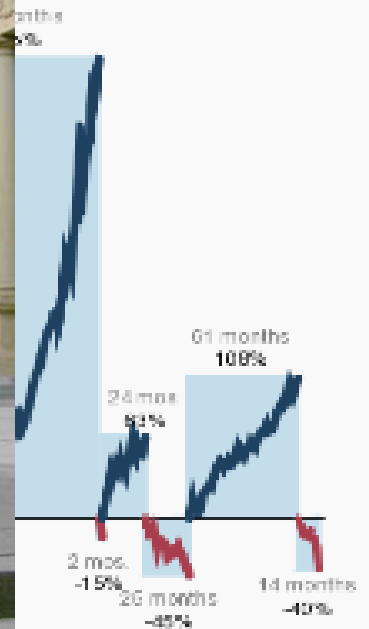
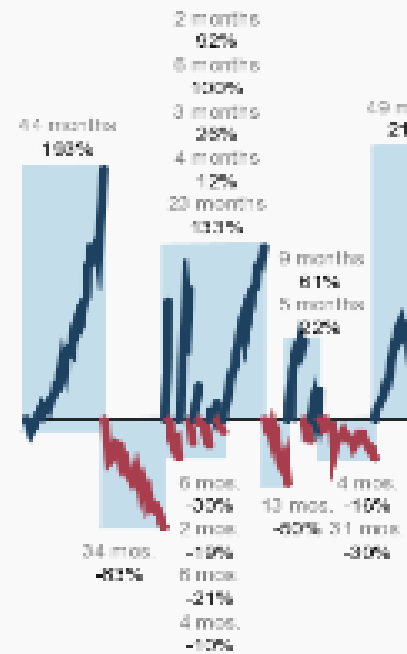
Average Duration:

Bull Market: 32 Months

Bear Market: 11 Months

Months = Duration of Bull/Bear Mkt

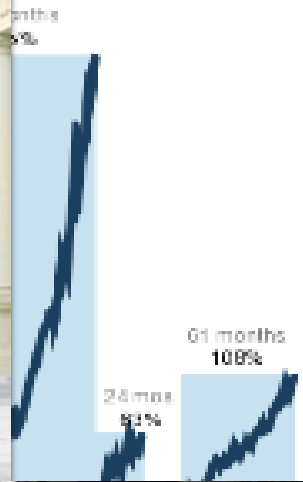
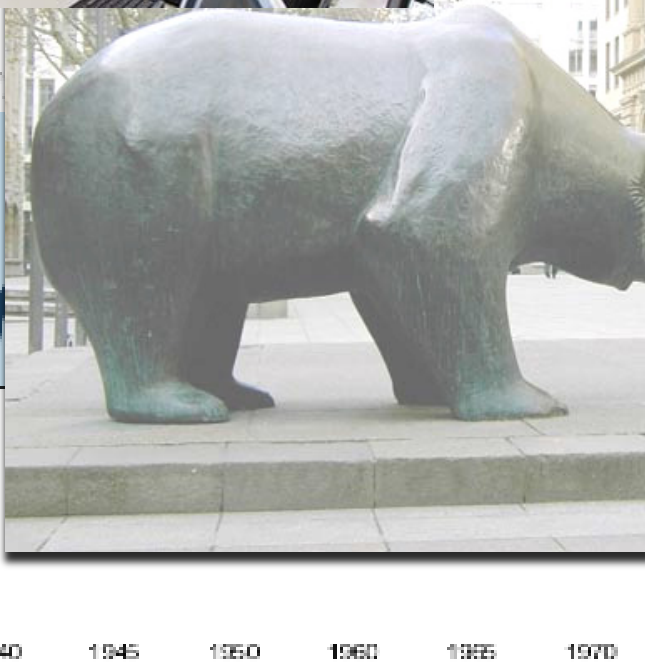
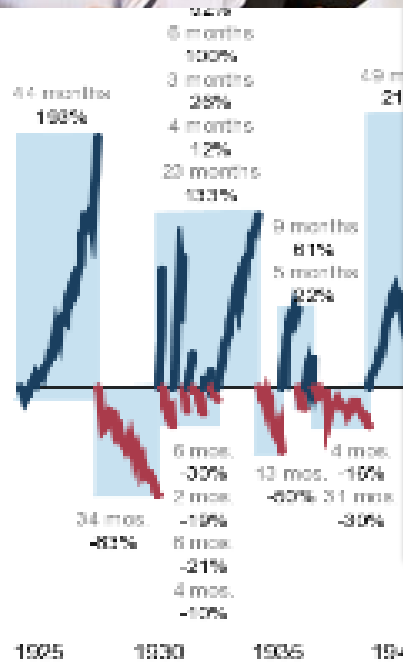
% = Total Return for the Bull/Bear



1925 1930 1935 1940 1945 1950 1960 1965 1970 1975 1980 1985 1990 2000 2005

The S&P data are provided by Standard & Poor's Index Services Group.

Bull and bear markets are defined in hindsight using cumulative monthly returns. A bear market (1) begins with a negative monthly return, (2) must achieve a cumulative return less than or equal to -10%, and (3) ends at the most negative cumulative return prior to achieving a positive cumulative return. All data points which are not considered part of a bear market are designated as a bull market.



The S&P data are provided by Standard & Poor's Index Services Group.
 Bull and bear markets are defined in hindsight using cumulative monthly returns. A bear market (1) is a return less than or equal to -10%, and (3) ends at the most negative cumulative return prior to achieving part of a bear market is designated as a bull market.



CHOOSING A MAJOR

- Four choices:
 - Financial and Insurance Institutions Management
 - Investment banking
 - Quantitative finance
 - NEW!!! **Insurance** (under activation as we speak)
- Why to pick a major?
- It helps organize in a sensible, not GPA-driven way your choice of optional exams
- It is a nice header, just below “Bocconi University, MSc. Finance” of your CV that gives a snapshot of who you are
- I would like to encourage students to pick majors as a way to better think about their career path...

THE INSURANCE MAJOR

- It is sponsored by Generali... More info to follow
- You declare it at the “Punto Blu” in the usual way
- You pick 3 electives out of a list of five:
 - **Actuarial Finance** (English, **sem. 1**) – new instructor, Prof. Enrico Biffis, Generali Visiting Professor from Imperial College
 - Analisi e valutazione delle informazioni di mercato delle banche e delle assicurazioni (Italian, **sem. 1**) – Professors S. Paci e S. Zorzoli
 - Portfolio management, financial engineering e risk management in life insurance (Italian, **sem. 1**) – Prof. G. Corvino
 - Advanced fixed Income (English, **sem. 1**) – Prof. G. Fusai
 - Asset Management (English, **sem. 1**) – Prof. D. Maspero
- One elective is free from a general list

CHOOSING OPTIONAL EXAMS: FINANCE

- You have to pick 4...
- Let's start listing them as far as the finance department is concerned (these are offered next year)

20245	ADVANCED DERIVATIVES	C. TEBALDI	1	ENG
20246	ANALISI E VALUTAZIONE DELLE INFORMAZIONI DI MERCATO DELLE BANCHE E ASSICURAZIONI	S. ZORZOLI	1	ITA
20247	APPLIED NUMERICAL FINANCE	A. BATTAUZ	1	ENG
20248	ASSET MANAGEMENT	D. MASPERO	1	ENG
20249	CREDIT RISK MANAGEMENT	G. DE LAURENTIS	1	ENG
20250	FINANCIAL MANAGEMENT (ADVANCED)	M. MASSARI	1	ITA
20251	FIXED INCOME (ADVANCED)	G. FUSAI	1	ENG
20252	INFORMATION AND THE ARCHITECTURE OF FINANCIAL MARKETS	B. RINDI	1	ENG

CHOOSING OPTIONAL EXAMS : FINANCE

20253	INTERNATIONAL FINANCIAL MARKETS	M. GERANIO	2 ENG
20255	LA VALUTAZIONE DEI BENI INTANGIBILI	A. FROVA	1 ITA
20256	MERGERS AND ACQUISITIONS	M. DALLOCCHIO	1 ENG+ITA
20257	PTF. MGMT., FINANCIAL ENGINEERING E RISK MANAGEMENT IN ASSICURAZIONE VITA	G. CORVINO	1 ITA
20259	PRIVATE BKG. GESTIONE PATRIMONI ISTITUZIONALI	A. RESTI	1 ITA
20260	PRIVATE EQUITY AND VENTURE CAPITAL	S. CASELLI	2 ENG
20261	REAL ESTATE FINANCE	A. BORGHI	1 ENG
20263	ADV. TOOLS FOR RISK MANAGEMENT AND ASSET PRICING (CORRELATION AND DEPENDENCE)	"TBA"	2 ENG
20264	COMPARATIVE FINANCIAL SYSTEMS	M. ONADO	2 ENG
20265	INTERNATIONAL CORPORATE FINANCE	S. BONINI	1 ENG+ITA
20267	RIORGANIZZAZIONI FINANZIARIE E DISTRESSED VALUE INVESTING	M. DALLOCCHIO	2 ITA

CHOOSING OPTIONAL EXAMS : FINANCE

20405	PROJECT FINANCE AND FINANCING STRATEGIES FOR GREEN BUSINESS	S. GATTI	2	ENG
20439	STRUCTURED AND PROJECT FINANCE	S. GATTI	1	ENG
20414	FINANCIAL RISK MANAGEMENT NELLE IMPRESE E NEGLI ENTI	C. CONTI	1	ITA
20261	REAL ESTATE FINANCE	G. MORRI	1	ENG

- As you know, if you choose one of the majors, among
 - Quantitative Finance;
 - Investment Banking; now **Insurance**
 - Management of financial and insurance institutionsthen you are under a 3+1 rule
- Otherwise, the 4 optional courses must come from a long list that does NOT only include finance
- These have to be approved by me in early September

CHOOSING OPTIONAL EXAMS: OTHER DEPARTMENTS

- What follows is a selection (my selection) of exams from other departments that seem to be relevant and that I would like to emphasize:

ACCT: FINANCIAL STATEMENTS ANALYSIS (ADVANCED), in English

ACCT: RISK ASSESSMENT AND AUDITING, in English

DEC: BAYESIAN STATISTICAL METHODS, in English

DEC: TIME SERIES ANALYSIS OF ECONOMIC-FINANCIAL DATA, in English

ECON: ADVANCED MACROECONOMICS, in English

ECON: MONETARY POLICY AND FINANCIAL REGULATION, in English

ECON: ADVANCED ECONOMETRICS, in English

ECON: INDUSTRIAL ECONOMICS AND COMPETITION POLICY, in English

ECON: INTERNATIONAL TRADE, in English

ECON: MONETARY POLICY, in English

POL: **COMPARATIVE BUSINESS GOVERNMENT RELATIONS**, in Italian

POL: **ECONOMIA DELL'ENERGIA**, in Italian

CHOOSING OPTIONAL EXAMS: OTHER DEPARTMENTS

POL: ECONOMICS OF EUROPEAN INTEGRATION, in English

LAW: **DIRITTO TRIBUTARIO (C. P.)**, in Italian

LAW: BANKING LAW, in English

LAW: **DIRITTO INDUSTRIALE**, in Italian

LAW: **BILANCIO E INFORMAZIONE FINANZIARIA**, in Italian

LAW: INTERNATIONAL AND COMPARATIVE TAXATION, in English

LAW: INTERNATIONAL TRADE LAW, in English

LAW: **SOCIETA' QUOTATE E MERCATI FINANZIARI**, in Italian

LAW: **DIRITTO COMMERCIALE (C. P.) - ANTITRUST LAW**, in Italian

MAN: **ANALISI STRATEGICHE E VALUTAZIONI FINANZIARIE**, in Italian

MAN: **ANALISI E VALUTAZIONI FINANZIARIE VENTURE CAPITAL E DI PRIVATE EQUITY**, in Italian

MAN: CORPORATE SOCIAL RESPONSIBILITY, in English

MAN: **CRISI D'IMPRESA E PROCESSI DI RISTRUTTURAZIONE**, in Italian

MAN: **STRATEGIA E FINANZA DELLE ACQUISIZIONI, DELLE FUSIONI E DELLE RISTRUTTURAZIONI AZIENDALI**, in Italian

CHOOSING OPTIONAL EXAMS: THE LOGIC

- To these long lists, you need to add: **HIGHER LEVEL COURSES**, i.e., Ph.D. level exams
 - In finance (but this is more general) they are not very popular
 - Not necessarily for good reasons: grades are higher than you would imagine for MSc. students (in excess of 28.5)
 - Only one case of “wide” MSc. participation: guess what...
- Optional exams should not be picked randomly
- The choice should be part of a professional development plan; the plan should be part of a sensible, realistic project
- Examples of good criteria to pick an optional exam:
 - Internships skills, aspirations, disillusion ⇒ optional exams (REINFORCEMENT)
 - To complete and integrate skills and competencies acquired ⇒ optional exams (DIVERSIFICATION)

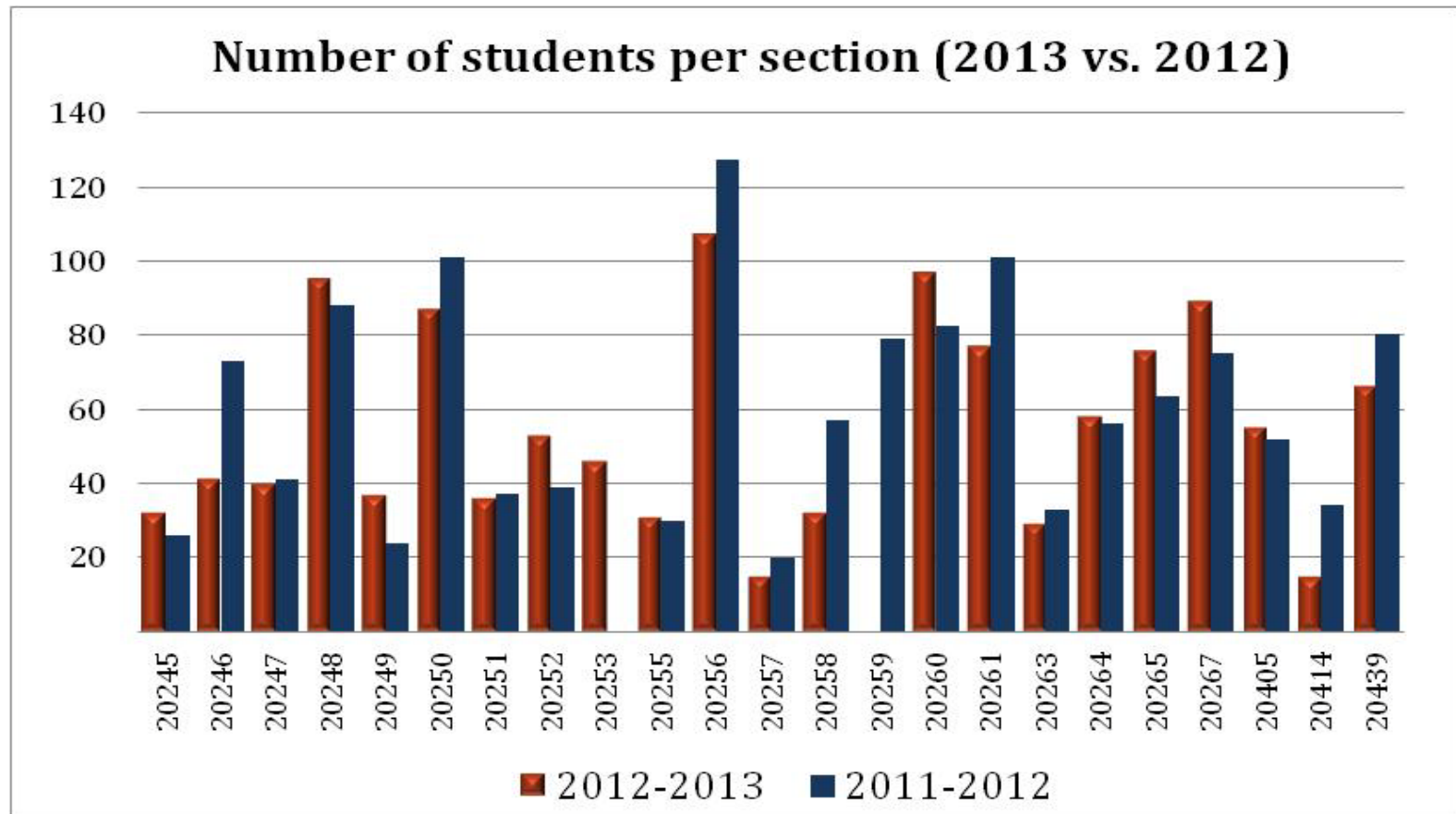
CHOOSING OPTIONAL EXAMS: THE RULES

- Some topic that you always wanted to examine in depth ⇒ optional exams (PERSONAL MOTIVATION, last chance)
- Examples of bad criteria to pick an optional exam:
 - The course is legendary for easy, high grades (poor reasoning, more or less they all are anyway)
 - I like that professor, a lot (childish)
- Each course has a maximum number of available places equal to 120; in case of excess demand a first-come-first serve rule applies
 - Make your choice ASAP to avoid bad surprises
- At the beginning of January of their second year students have a time window of a few days available to change their study track
 - You are allowed to cancel from a first semester course and enroll

CHOOSING OPTIONAL EXAMS: SOME FACTS

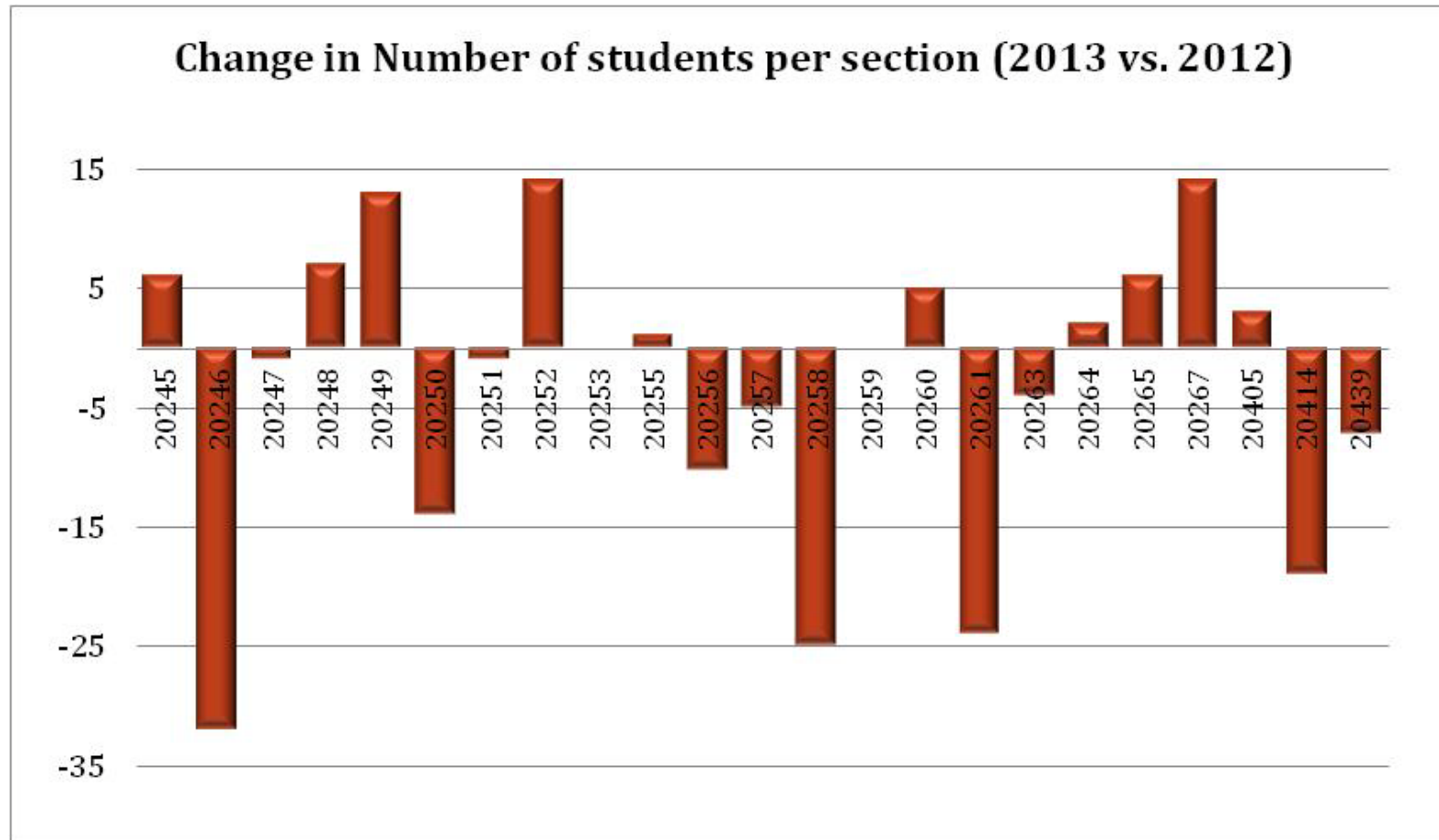
for a second semester course, or you may change one second semester course for another second semester course

- What are the recently most and less popular courses (note that the interesting question ought to be why)?



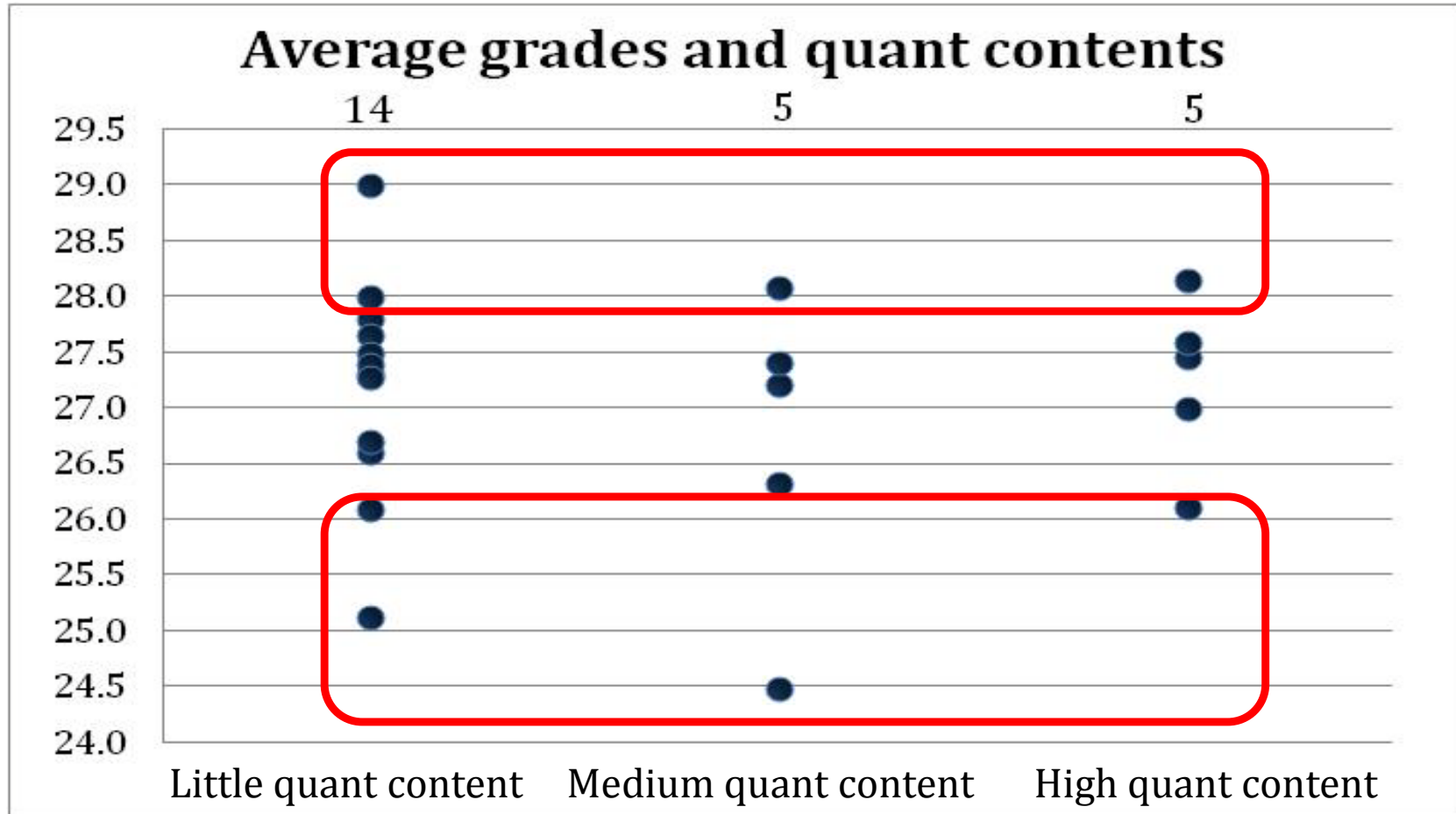
CHOOSING OPTIONAL EXAMS: SOME FACTS

- Changes/flows are rather modest



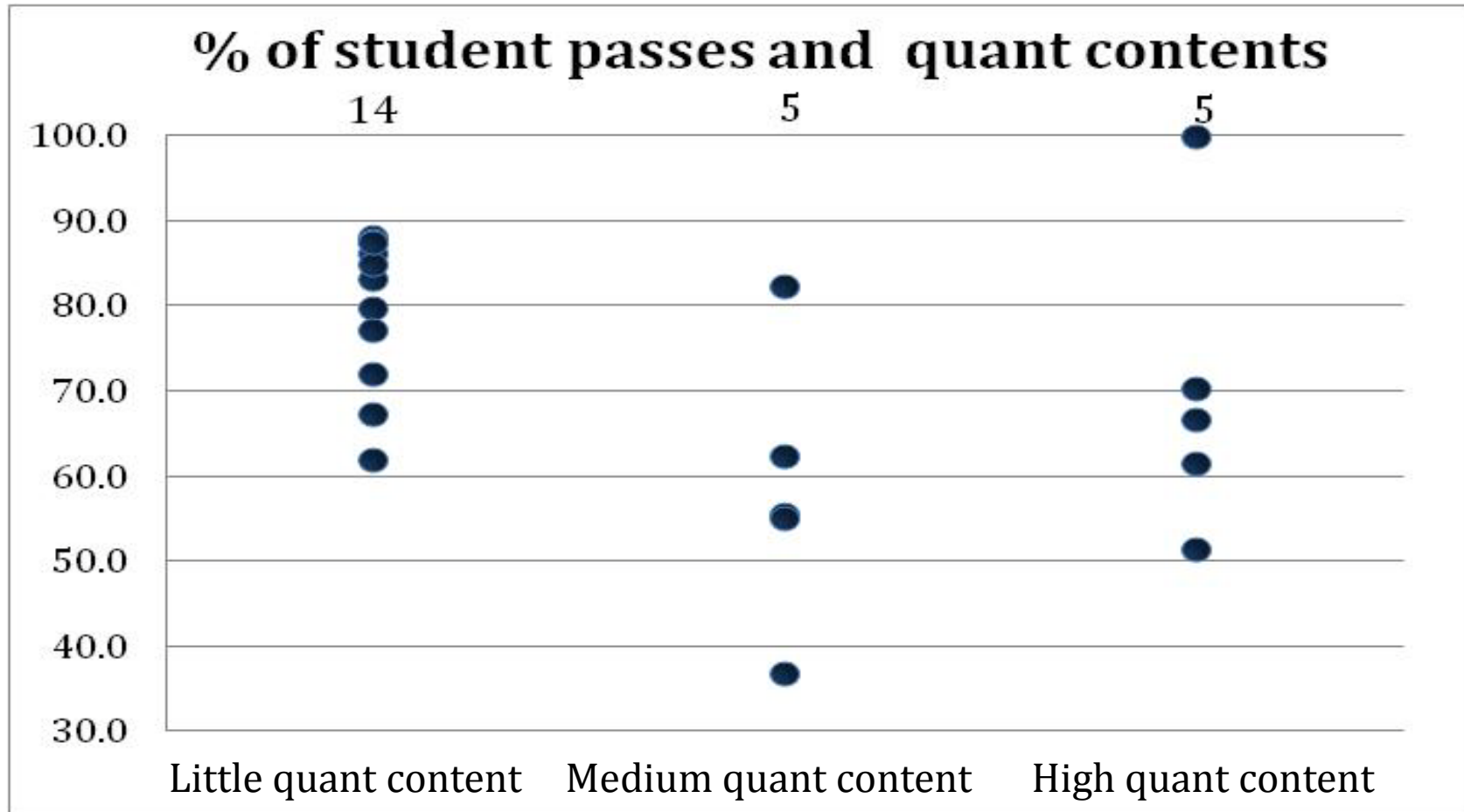
- Let's debunk a first myth: quant courses are difficult and imply lower grades than other courses do

CHOOSING OPTIONAL EXAMS: SOME FACTS



- In case you are wondering, no this does not happen because in the more quant exams students do not pass!
- But it is very positive that quant courses are minority

CHOOSING OPTIONAL EXAMS: SOME FACTS



given that these are dominant during the first year

- Students leaving for exchange will have to present their study track by the beginning of September as all other students

CHOOSING OPTIONAL EXAMS: EXCHANGE RULES

- If you already know that the exams you will attend abroad have a correspondent exam here at Bocconi, you should insert corresponding Bocconi exams in your study track
- If you are going to take exams without correspondence you may insert in the study track other Bocconi exams (for simplicity please choose among Clefin courses), since it would be impossible to insert the courses from the foreign university
- When you will be back, after registering the exams without correspondence you took abroad you will be asked which Bocconi exams should be correspondingly be cancelled from your study track
- If you come back with only three convertible exams the fourth one must be one of those you originally selected within Bocconi exams

YOUR THESIS: MUCH MORE RELEVANT THAN YOU THINK

- As you know, your MSc. thesis counts for quite a lot, 18 cfu, the equivalent of three standard courses
- It may add up to 8 points to your final mark, i.e., $(8/110)*31 = 2.26$ in terms of your final average—it moves you by as much as at least 3-4 exams can do
 - Because 2.26×14 exams is approximately 31, an 8-pointer thesis can replace a 0-exam in your average or a couple of 18 turning them into 30s
- 1-2 point thesis are rare and they mean you should be ashamed; however theses receiving between 3 and 5 points represent the majority of all marks that are granted
 - But 6 out of 8 is the most frequent grade awarded
- 7 and 8 points require an “excellence” statement by the thesis supervisor; they are relatively rare and carefully

YOUR THESIS: MUCH MORE RELEVANT THAN YOU THINK

monitored by thesis commissions (it is needed for LAUDE)

- Yet, in my experience, students approach the choice of a thesis topic importantly—of a thesis supervisor—randomly
 - The problem is that students keep thinking they are in their 3 years of undergraduate studies, where theses count for less
- In my view the logic is as follows

Your career (life!) objectives

⇒ [internship, job already, doctoral studies?]

Your GPA and therefore final graduation goals

⇒ [integrate/develop internship or diversify?]

Pick a supervisor or 2 (a team)

⇒ [somebody I like? Can she teach me smthg?]

Pick a topic, **WITH** your advisor

YOUR THESIS: SOME DATA

- Speaking of your advisor: approach him/her with tact— that he/she is paid extra to follow your thesis is **just a myth**
- It is just extra work, an enjoyable one in most cases, but one that is performed on a rather charitable spirit, often
- The basic questions to answer are:
 - Do I want a research thesis (that may take longer and absorb more time), and why?
 - Would I like to try and mix my experience in an internship with the work on the thesis?
 - How long can I spend working on a thesis?
 - What is my personal trade-off between a quick thesis and graduation in July or October and a few more points with graduation in December or even March?
 - How much support will I get? Are the rules clear?