

Student Feedback

on “Fixed Income Securities” and “Futures and Options Markets”

Taught by Professor Sankarshan Acharya in Fall 2010

University of Illinois at Chicago

**The feedback is listed alphabetically by students’ last names,
first for the first course and then for the second course.
Almost all (about 99%) have submitted their feedback.
Those who attended both courses often submitted one for both.**

Professor:

As I reflect upon the past semester and this course, I feel that things seemed to wrap up well and things began to come full circle on what we learned. I was able to apply some of my knowledge from Calc3, lambda for example. I can admit, the course was hard to stay actively interested in at times, and I struggled with that. But in the end, it was a very beneficial course.

If I had to rate myself out of 10 points based on everything, I would generously give myself a 6. I had a hard time remembering to give my feedback on a weekly basis, so I can say I slacked in that area. I feel though that my grades reflect my knowledge of the subject matter quite well.

I have attached my brief assignment on the insider trading.

Sharon Brandys

(i) I learned the skills needed for real world financial evaluation and trading through the things done in class as well as talking about trading and the financial markets.

(ii) I have learned real world technical skills through the material that was covered in class.

(iii) I found the learning valuable but with considering that we cannot make arbitrage profits it seems that more things should have been incorporated in the material to make the class more applicable to the real world.

(iv) I have practiced problems in class but not as much as I wanted so I would have to give myself a 7.

(v) In case of difficulties I've usually consulted with classmates.

(vi) You have helped build my skills on financial evaluation and trading through the examples done in class and even discussions. The thing that should be improved is that examples should be covered in class step by step because I have gotten lost on trying to get the same answers on the examples after consulting my notes.

(vii) I have attended every class this semester and although I participated towards the beginning, I haven't really towards the end of the class so I would have to give myself a 7.

Ciocan, Stefan

This week I feel like it is all coming together after this past project. I found a way to understand it on my own. I wasn't looking at the problems the right way and it ultimately confused me but for some reason at the exams and the project came to me (even though they were extremely time consuming and very difficult). I can definitely see how I can use this in the real world setting especially if I were to go into investments as a career. One thing I will say though is that the final exam part I and IV were in my opinion impossible and took way too long to figure out and I doubt that I got those questions right.

That is my weekly feedback.

Falbo, Nicolas M.

(i) Are you developing sufficient real-world thinking skills on financial valuation and trading? Enumerate as much as you can.

I think I developed and even evolved my thinking with your class concerning financial valuation and trading. As I am getting ready to go into the working world in January, I will follow along on pro-prosperity.com.

(ii) Are you learning sufficient real-world technical skills for valuation and trading of financial securities? Describe.

I believe you helped me develop a good starting base for the financial world. I will of course add on tons more through the years, but your course was first(ish). Developing bond cash flows has helped immensely as I have a change to go into bond trading - thank you.

(iii) Do you find the learning valuable to you? Describe how.

As I said above, I may go into bond trading so it was very helpful and valuable.

(iv) Are you practicing the problems solved in class and thinking of the ideas at home? Rate your preparation on a scale of 1 (worst) to 10 (best).

Yes, I started out not looking them over, but as time went on, I looked at the problems studied and tried to work them out. I talked with other people in class and they helped as much as they could. Going to every class helped a lot. Preparation - 10. This is also my evaluation concerning class participation and attendance.

(v) In case of difficulties, how are you dealing with them? Ask a friend? Ask the professor in class or office? Don't have the time yet?

Yes, I ask people in class for help if I need any.

(vi) Is the professor significantly helping you build your technical and thinking skills on financial valuation and trading? Write what he should do to improve your learning.

There is nothing to improve upon.

Garrity, Christopher

i) Yes, over the course of the semester I developed significant real-world thinking skills on financial valuation. I had already been introduced to basic concepts in finance but you taught me to take those concepts and actually think about what they mean and how they work and are used in a real-world setting. I now feel I can much easier grasp hold of situations in life where I may need to use these concepts but not necessarily in the exact same way. The understanding behind the concepts will help me use these concepts in multiple scenarios rather than just searching for some equation given in previous years. I also learned a lot more about stuff going on in the real world right now related to finance, like rules and regulations, ongoing problems, etc.

(ii) Yes, I learned many real-world technical skills for valuation and trading of financial securities. I felt that every single topic we discussed was relevant to my future career in finance. I also felt I had a pretty good understanding of those techniques as my replication and testing went fairly well.

(iii) Yes, extremely valuable. Like I said above I felt everything will be beneficial to my future career.

(iv) I would rate my preparation for class as an 8 because I always reviewed my lecture notes and practice the problems gone over in class.

(v) Through out the course, most of the time just rereading my notes was very beneficial to me but there were a few times when I consulted a friend or asked you for help. You were always accessible and helpful.

(vi) Yes, you were successful in teaching me technical and thinking skills. I especially thought it was helpful that you did not give us and answer right away for problems in class, that we had to try it on our own first to see if we actually understood it. The same with hw outside of class, I liked that we had different but the same problems to try on our own to double check our understanding of the material. The only thing I might suggest for the future is maybe giving a few problems that are a little different when covering a topic so we might be exposed to different scenarios.

I would give myself a cumulative participation/attendance score of 8 out of 10. I have missed a few classes but I always made sure that I got the notes I missed and reviewed them extra carefully because I was not present. Besides that I kept up very well with the understanding of lecture by rereading those lectures I felt a little confused on. I also prepared for the next lectures by practicing the problems gone over in the previous lecture.

I have attached my paper below.

Carolyn Gyann

(i) Are you developing sufficient real-world thinking skills on financial valuation and trading? Enumerate as much as you can.

Yes, the strategies that we are learning in class can be applied in real life situations in order to trade. By learning how to accurately price fixed income securities we can set up trades. Throughout this class we learned new ways to price securities according to market data. I found the whole class very interesting.

(ii) Are you learning sufficient real-world technical skills for valuation and trading of financial securities? Describe.

Throughout the class we have learned how to accurately price bonds and develop arbitrage trading strategies based off of these fair prices. By manipulating securities we are able to figure out fair prices on securities. This alternate way of thinking can provide great insight to security evaluation.

(iii) Do you find the learning valuable to you? Describe how.

Yes, after the class and when I graduate I would like to get into trading fixed income securities as a career. I feel the knowledge that I am learning now should allow me to be successful in this career choice. By talking with people who trade they stress the importance of paying attention to the topics learned in class.

(iv) Are you practicing the problems solved in class and thinking of the ideas at home? Rate your preparation on a scale of 1 (worst) to 10 (best).

I feel confident with what I come up with during the class. I will go back over the notes if I have a problem with anything. Just now I was thinking about how much we have learned already and I am thinking that I should go back over my notes from earlier in the year.

(v) In case of difficulties, how are you dealing with them? Ask a friend? Ask the professor in class or office? Don't have the time yet?

If I have difficulties I will ask the teacher or a friend. Currently I feel good about where I stand in the class.

(vi) Is the professor significantly helping you build your technical and thinking skills on financial valuation and trading? Write what he should do to improve your learning.

I think he is doing a great job. The pace and the difficulty is perfect. He gives you enough so you have to struggle and work through the problem but at the end you feel good that you were able to figure it out. I also feel that the best way to learn is by doing. The problems are hard enough to where you struggle, but not too hard where you're discouraged, or too easy that you breeze through them. Difficulty is at a very good level currently.

I evaluate myself as a 10 for class participation and attendance. I attended and paid attention in every class and participated when I could.

Henek, Daniel M.

Cumulative Feedback:

- I would definitely admit that this course has been rigorous and intellectually challenging. I feel however, that with this challenge I have solidified my skills in the course, regardless of grades received on exams and the project.

- With the amount of work I feel I've put in, despite points allocated by the algorithm, I would rate myself at an 8.5 on a scale of 10 (being the highest). I am choosing this score because I know I could've initially reviewed more in-class notes at home in order to gather a stronger understanding of the topics, which might've helped my score on the first test. As for the rest, I rate myself highly despite that because I have learned from this and it shows from the increase in score from the first to second test. Also, I rate myself based on (almost) perfect attendance, with the exception of one day, and consistent on-time weekly feedback and summaries of the assigned readings on pro-prosperity.com.

- Admittedly, I'm a little worried about my final grade. The exams have been in the B and C range for me, and the project didn't go as well as I had expected. I'm just hoping for a B after the participation/attendance points are considered.

- Later in the semester when notes were being uploaded to Blackboard was very beneficial. It made it much easier to follow in class and was a great reference during the exams, especially those notes with examples of problems.

- It is definitely refreshing to have a class with a professor that has accomplished many outstanding feats in his field of study. I feel that this enhances the quality of information presented in lecture. Also, passionate professors always want to challenge their students, so I can appreciate this aspect of the course as well. However, with this notion of a challenge in mind, the exams did take an overwhelming amount of time to complete, especially the final. I'm not sure if exams are supposed to drain oneself mentally as much as that exam did.

- Thanks for an interesting semester, this will definitely be a class I will remember from my studies at UIC!

Reading/Writing Assignment: The Recent Perils of Insider Trading

In recent weeks, officials have discovered that an array of financial participants have been allegedly partaking in insider trading. Many businesses believe the information they have used doesn't bend the rules, but in fact, it is deemed as insider trading when profits are actually realized from said information. These financial participants range from hedge fund managers to investment bankers and perhaps mutual fund managers.

Huffington Post declares it's plausible that these illegal activities have resulted in an unforeseen amount of illegally obtained earnings (i.e. millions of dollars).

As Professor Acharya mentioned in class, large mutual hedge funds are being subpoenaed and raided by the FBI. However, the media is being very discrete when divulging information, which has created even more speculation regarding what the facts truly are. Insider trading scandals are no strangers to the stock market, however, with the state of our current economy, how are investors supposed to preserve positive attitudes if illegitimate activities are shamelessly occurring?

Furthermore, Investment News claims that the results of the SEC's investigation maintain that hedge funds, research firms, and expert network firms have extensively bent the rules. To go more in depth on the aforementioned definition of "rule bending" it is profiting from information that hasn't been made public and has been obtained by a company's ex- employees or other close players, etc. Those entities that have taken advantage of this insider information will surely be punished accordingly, as exhibited in past controversies such as the Galleon Case (involving the dishonest activities of hedge fund guru Raj Rajaratnam). Ultimately, investigators must delve deeper into Wall Street in order to distinguish between research and insider information.

As Professor Acharya stresses in his Moral Hazard of Currency Manipulation paper, the first ideal that the constitution guarantees is "equal protection of everybody's earned wealth." When businesses gain wealth through illegal practices, this wealth isn't truly or genuinely earned and consequently, goes directly against what our country stands for. We must always adhere to this ideal in order to restore the public's faith in our country's financial system.

Sabrina Jain

Overall feedback:

(i) Are you developing sufficient real-world thinking skills on financial valuation and trading? Enumerate as much as you can.

In this class we learned the basics to accomplish the more relevant to real world aspects of finance. Sometimes We had to develop our own way of solving a problem based on the basics that we have learned. This will prove to be useful in the future.

(ii) Are you learning sufficient real-world technical skills for valuation and trading of financial securities? Describe.

We have learned numerous strategies that are currently used in the financial world. The only thing is that if those strategies are already used by someone else, I wouldnt use them, since there is always a possibility of someone betting against you when your technique is know. A good idea would be using the knowledge learned in this class and deriving own technique.

(iii) Do you find the learning valuable to you? Describe how.

(iv) Are you practicing the problems solved in class and thinking of the ideas at home? Rate your preparation on a scale of 1 (worst) to 10 (best).

10, i did do my best to follow the lectures in class as well as went over the notes before every meeting

(v) In case of difficulties, how are you dealing with them? Ask a friend? Ask the professor in class or office? Don't have the time yet?

Email professor, contact my peers

(vi) Is the professor significantly helping you build your technical and thinking skills on financial valuation and trading? Write what he should do to improve your learning.

While working on the last exam it proved to be a bit confusing on where the information was coming from. It would be very helpful if all notes consistently came from one source. Meaning if its hand written than it would be hand written, if its on black board then it all should be blackboard. Its just that i have different ways of studying for the two sources and it proved to be confusing when it was this way

Own Evaluation:

These 10 points come from participation and attendance. I did miss two classes in the beginning of semester, but that was done because of external reasons that i had no control of. I did do my best to participate in class as well as just to make sure that i was mentally present on the lectures.
10/10

Koren, Aleksandr V

(i) Are you developing sufficient real-world thinking skills on financial valuation and trading? Enumerate as much as you can.

Over the scope of the course, I have definitely developed my thinking skills about option valuations and their trading strategies. All forms of financial valuation start with recognizing cash flows and discounting them appropriately. This has been engrained into my thinking.

(ii) Are you learning sufficient real-world technical skills for valuation and trading of financial securities? Describe.

I have learned sufficient technical skills for trading options this semester. My understanding of calls and puts, European and American, with or without dividends and so on has increased dramatically. I feel that I can successfully value an option and be confident with my answer because of your course.

(iii) Do you find the learning valuable to you? Describe how.

Yes, it is a skill I can leverage on my resume and in the marketplace to employers. It's also applicable to my own personal investing. In addition, the broader scope you presented to us is useful and very informative and teaches us how to look past what they are saying and derive what's really happening by things unsaid.

(iv) Are you practicing the problems solved in class and thinking of the ideas at home? Rate your preparation on a scale of 1 (worst) to 10 (best).

I give my preparation a 9. There is always room for improvement but I definitely gave my best shot on everything with the little time I had available.

(v) In case of difficulties, how are you dealing with them? Ask a friend? Ask the professor in class or office? Don't have the time yet?

I came to your office and sent you emails regarding any difficulties I had this semester.

(vi) Is the professor significantly helping you build your technical and thinking skills on financial valuation and trading? Write what he should do to improve your learning.

Yes, you were very helpful, very intelligent and knew exactly what you were talking about at all times. However, I feel that sometimes when you were teaching the concepts would go over our heads. Unfortunately, this did not help us (or me more specifically) in the end.

I would give myself a 9.5 taking into account the fact that I missed a few classes. However, when I was there I was always paying attention and taking notes.

Kowieski, Nicholas J

Dear Professor Acharya,

Here is my cumulative feedback, I will send my reading article summary later.

1) Are you developing sufficient real-world thinking skills on financial valuation and trading? Enumerate as much as you can.

Yes, I have already learnt some real-world thinking skills. During this semester, I have known what the price of money and interest rate are.

Also, how to get forward and spot rate based on bond price and cash flow value. Moreover, I learnt how to estimate duration which is weighted time of recovery of the fair value invested in a bond, and convexity from bond price data. Finally, I know what Ho-Lee model (term structure model) is and how to use and apply this model in the financial problems.

2) Are you learning sufficient real-world technical skills for valuation and trading of financial securities? Describe.

Yes. I have learnt sufficient real-world technical skill fro valuation and trading of financial securities from this class. During this whole semester, professor taught us so many different types and methods of bond valuation, calculation, and trading strategy. For example, to estimate term structure of a discount factor $d(t)$ and use arbitrage trading strategy.

3) Do you find the learning valuable to you? Describe how.

Definitely, I do find the learning valuable to me from Fin 415 class. Fixed income security is a very helpful and practical course that makes me clearly understand how to apply those professional knowledge in the real-world, also know how to use different types trading strategies. I believe that those sufficient technical skills I learned will affect my career in the future.

4) Are you practicing the problems solved in class and thinking of the ideas at home? Rate your preparation on a scale of 1 (worst) to 10 (best).

After each class, I will have to practice and do the same questions given in the class again when I am at home. So I rate my preparation at 9.5 out of 10.

5) In case of difficulties, how are you dealing with them? Ask a friend? Ask the professor in class or office? Don't have the time yet?

When I have some difficulty questions, I usually think about them and try to solve them by myself. If I cannot figure it out by myself, I will discuss with my friends or ask my professor.

6) Is the professor significantly helping you build your technical and thinking skills on financial valuation and trading? Write what he should do to improve your learning.

Yes, professor really helps me to know, understand and apply those sufficient technical and thinking skills in real-world. Throughout three exams and one individual project, I directly knew what bond evaluation and trading are, also made me better understand what I have learnt during

this semester. In the class, professor has given us a lot of practical examples and his real and valuable experiences which can reinforce what we have learned during previous period time. There is no comment on it. In conclusion, he is an excellent professor!

Thanks so you much professor for giving us a wonderful semester. I look forward to seeing you again because I register Fin 416 for next semester. I learnt a lot of useful things from both you and your class. Thanks again.

Have a great holiday=)

Best,
Qiyuan

Liu, Qiyuan

My evaluation about the past week of class will start of with a comment about some things that were not made perfectly clear, specifically about the exam. Sadly since I had missed the Tues do to the way I felt the whole day. However, on Thus I was able to understand that we would have to find the article and talk about an article we find. I do feel going over what we had done in class since the last exam before evaluations were handed out or after they were completed. I think pulling out the worksheets done in class and going over the steps again would have helped people even if they didn't realize it.

On my evaluation of myself for the year, I would say I had a good attendance record for the class where I had spoken to you before or after about the missing days and stayed up to date with any subjects missed. For my participation in class I don't see myself doing that well in that department. Being naturally shy I am very hesitant to comment and try to answer something in class that I don't know 100%. I do apologize but I was not able to give regular feedback each week because for starters I was not able to find the original feedback format so I had assumed that you only asked for that one week. So my overall participation/attendance points I would give myself would be 6 out of 10.

Magnuson, David S.

In these classes I think that I did develop real world thinking skills on financial valuation and trading. The exams and projects all helps to put what I have learned into practical use. For example the 415 Project in which we had to derive the term structure of 50 bonds really illustrated the concepts and methods that were taught in class to derive the solution.

This type of learning by doing helps to retain information taught in class because you can see exactly how it is used in the real world to derive the values of various financial instruments.

Because of this I found this learning extremely valuable and I was happy to take ad participate in the course.

There were times when I felt like the concepts were not quite gelling in my head but the numerous examples in class and on blackboard helped to clarify any problems or questions I have had since the blackboard documents and my notes are very detailed. Because I work full time 45 hours a week and had a full class load during the semester it was difficult to find time to come to any office hours. As a result it was helpful for me to have students in both classes I could turn to for help and whose schedules were more flexible.

I think the style of instruction and teaching was more than adequate to facilitate learning the material. It was especially helpful that instruction did not continue until most students felt like the concepts and methods were clear. As you said, raise both hands if things are unclear. It is this attitude that helps us as students feel like you truly care that we learn and retain the materials in class.

I would rate my own evaluation an 8 out of 10. The only reasons for missing class are having the responsibility of a full time job and being called in to work at the last minute. I may have missed a handful of lectures but I always made sure I got the notes that I missed.

Thank you for a great semester!

Regards,

Richard Maltz

Dear Professor,

I would like to thank you very much for being such a nice and understanding professor. I have learnt a lot from taking this class and I know for a fact that it is going to help me through out my career in Finance. My personal evaluation for this course would be a perfect 10 because as the class progressed from the begining of the semester until now my knowledge in this field of finance has grown a lot, and it is all because of you and your teaching. And i really enjoyed your class and attended every class from the begining except for one or two when i had a doctors appointment. so based on the knowledge that i have gained from your class, my attendance and grades on the first 2 exams i would evaluate myself at 10..

Professor I would like to inform you I dont know if i did well on my final or no but i tried and gave in my best but could not do as well as the previous two exams and wont be able to submit my optional reading assignment as my grand father passed away on saturday in india, and am very disturbed by this news, and as there are functions in my house since then. And because of the situation I could not give in my best and do the assignment.

In closing i would like to thank you for being an amazing professor and I really enjoyed and learnt a lot from you and your lectures..

Sincerely,
Harsh Mehta

Hello,

I believe that this class in options and futures has brought my knowledge to an extremely higher level. At first I thought that I knew at least the basics in pricing options and futures, I was completely wrong. I had no idea that a tree needed to be made in order to correctly price these securities. Also i have learn a ton more about arbitrage pricing theory which I had assumed to be completely not worth knowing since it does not occur frequently, but I feel that I have learned another technique to help me through out my life. Another thing that we learned was swaps which I have heard about before but knew nothing about, but I wish that we could have done a little more on this concept because I am still confused on certain aspects of them. Overall I would definitely let my fellow students know to take your class but be ready to learn in a different environment and make sure that you do go to class and pay attention because you will learn a lot even though the class is hard. This class was definitely worth taking due to the amount of concepts you were able to teach me. I would have to say that the exams and project are very challenging but they did help me understand more of the concepts and basis of computing American and European calls and put values.

As far as participation and class attendance I believe that I have scores a 9.5-10 since I did not miss any classes and was attentive for almost all the classes.

Thanks,

David Miles

Looking back to the beginning of this semester, I would say that my knowledge of fixed income securities has greatly improved due to this course. I have learned many concepts never before explained to me and have increased my ability to work with securities and excel projects. Because I don't think you can truly grasp everything in one class; it takes time and experience to work with concepts you have taught. I would rate my performance as an 8.5 out of 10.

I think my strongest accomplishment is being able to estimate term structure of interest rates. The bond project and numerous examples have helped me; however, which many bonds it can become rather tedious. My least strongest is the last lecture that explained the Ho-Lee Model; I did not quite understand the concepts that well and will need to do more reading to grasp the idea.

Finally, I don't think I did as well on the final exam as I have done on the previous two. I think the material had gotten much more intricate and there was not enough time to master the concepts. With practice however, my knowledge of the concepts will improve. Overall, I was aiming for an A in the course, but because of the final I don't think I will receive one; hopefully my grade will come out to a B.

Moffett, Jamie A.

(i) Are you developing sufficient real-world thinking skills on financial valuation and trading? Enumerate as much as you can.

Answer: I believe I have learned a lot more about financial valuation though the fixed income class. I have really enjoyed the challenge of finding out what you were presenting in class and applying it in the homeworks. One example is the 50 bond project. I was forced to upgrade my excel skills and did a great job as a result to my persistence. Other real world skills like the Ho-Lee method, Duration and options are really important skills that finance students need to know once they are out of the classroom.

(ii) Are you learning sufficient real-world technical skills for valuation and trading of financial securities? Describe.

Answer: One example is the 50 bond project. I was forced to upgrade my excel skills and did a great job as a result to my persistence. In the real world, I need to not only know the material but to also to apply it an excel spreadsheet. This was hard at first. Because, I always wanted to hand check my answers. At a job there is no time for this. That is why I need to be prepared.

(iii) Do you find the learning valuable to you? Describe how.

Answer: Yes, I find the material valuable. I believe the professor is making me think a lot about the real world of investing versus just formulas and test taking material. Honestly, I never heard of the methods we use used in class, until fixed income class. In every class, I can honestly say that I was learning something new everyday.

(iv) Are you practicing the problems solved in class and thinking of the ideas at home? Rate your preparation on a scale of 1 (worst) to 10 (best).

Answer: Yes, I am practicing the problems immediately after class and reading the material the same night. No wasting time. I rewrite my notes the next day as to recall what you are saying in lecture. This extra step helps a lot. Specially, if the material has multiple steps like in the case of finding out what lambda is. Also, it makes class lecture easier to understand. The class notes are so much more valuable than the textbook in my opinion this semester.

(v) In case of difficulties, how are you dealing with them? Ask a friend? Ask the professor in class or office? Don't have the time yet?

Answer: I usually ask you questions after class to clarify something in the notes or lecture. Then I do what I stated above and rewrite out the notes. To fully understand them and prepare them to help for the exams and project.

(vi) Is the professor significantly helping you build your technical and thinking skills on financial valuation and trading? Write what he should do to improve your learning.

Answer: You have been very kind in answering my questions. Most of all you answer them fully and have interesting feedback that I would have not known about. I honestly, found your website and lectures on Wall Street to be very interesting. As, a result I will take options and futures next semester because of it. Thanks!

O'Brien, Michael P.

Collectively, the class has been strong in the understanding of your research and what you implement in class. The research that you had us do has giving me a better understanding of how the constitution is involved with trading. The exams were extremely challenging but I learned invaluable information from taking them. It did help me apply what I learned in class.

Again, I felt the exams as well as the assignments helped me prepare for valuation of trading and securities and that is in direct correlation with what we have learned in class. They also have helped me understand it better instead of just spending one hour in a classroom taking an examination; we spent hours thinking critically and absorbing the information.

What we are learning I believe is quite valuable for real world thinking. I did not believe I would be able to grasp the material at first, feeling like it was almost a different language, but having reviewed my note, practicing the problems and taking the exams have prepared for what consider the most important part of this journey, the real world.

I practiced the problems in class frequently. I realized that it helped me in understanding the exams better. Although the problems and exams took me awhile, it helped very much. I deal with difficulties by continually reviewing the notes.

The professor helped us build technical skills by giving us thorough notes and being able to use these notes to perform assignments and exams; and understand why they are being performed in that manner. I do think some notes should be broken down a little more and also elaborated to spend more time on it so it can be absorbed. One thing I found difficult during the exams was performing parts of the exams that were not covered in class. I do think when all is and done, it's my fault for not having asked questions. Valuable lesson learned. Thank you Professor, I do believe this class will help me in my future endeavors.

Participation and Class Attendance

Where should I begin with this? I will start with the good. As a student, I took avid notes and really tried not to miss any classes during the semester. If any classes were missed, they were due to emergency (I think I only missed 1-2 classes). I do believe I should have participated more in class by asking questions on subjects I didn't understand right away. I can honestly say I was enthusiastic to come to the class because it was challenging. Overall, I attempted to do well in the class by completing all assignments and exams. One thing I faltered on was the project. I thought I would do well as I spent many days doing all the calculations. I must have did something wrong and with that type of project if one number is wrong then the rest of the cycle of numbers are going to be wrong (On a side note, I would like to know what I did wrong so maybe we can get together sometime to discuss it, also some questions on the exam). I also faltered on class feedback while I did turn some in, I did not do it every week and one of the assignments and the last exam I turned in late (not intentionally for either). As a far assessment out of 10 I would give myself an 8. If I had done all the class feedbacks, I would have given myself a 9. Thank you for having read my assessment, and I thank you for having been my Professor.

Padilla, Eduardo

I believe the classes are relevant and insightful, as usual. The professor presents various topics with real world examples and knowledge. It is interesting to hear a critical opinion of the issues in finance, as most professors remain a) neutral or b) supportive of the status quo. However, in-class explanations are still difficult for me to fully comprehend at times. I find myself sometimes having to consult with classmates and outside sources on certain topics covered in class. I really enjoyed the last sections of the class dealing with binomial trees. I have always liked statistics and it was a pleasure dealing with probabilities in finance. My in-class participation and attendance would be graded a 7. I believe this because towards the end of the semester I missed approximately three classes due to my job hunt and other factors. Also, my participation in class could have been greater, but I did engage the professor in conversation a couple times throughout the semester. The best information I absorbed from this class came from his interactions with students when answering their questions.

Self Evaluation: 7/10

Perez, Javier E.

Hello Professor Acharaya,

I am going to be completely honest and say when we took the first quiz in the beginning of the semester, I was completely clueless and wondered what I had gotten myself into. I did not understand the methods you were trying to inscribe on us. I remember thinking whether or not to drop the course, I wanted to give up! I was terrified at being so unprepared for this course. I decided to stick through the semester and give this class and yourself my 100% effort. This

course was definitely hands on. Not many courses does a student get the PRIVILEGE of using his head to solve the problems on hand. The majorities of my Finance classes have been about memorizing a formula and plug in the value... and magically an answer appears on a calculator. Your course was definitely not the norm. And for that I THANK YOU. You have given me the opportunity to understand the importance of truly understanding the problems and visualizing solutions.

This course was by far the hardest course I have taken at UIC. Not just because of the material, but because I struggled to overcome my past tendencies of being a passive learner. I see this semester and this course as a journey for myself. I started this course with the notion of being a passive learner and just float along throughout the semester. You immediately gave me a rude awakening. You challenged all of us to step out of comfort zones and explore the world where you have to use you mind and visualize how to solve a problem. I am certain that this course had prepared me not only academically, but also personally. I say this because for me this course was not just about finding the term structure of bonds, but also realizing my full potential and discovering that stepping out of my comfort zone is possible. I really enjoyed the term project; this assignment was really interesting and rewarding. The exams were tough, but with your knowledge, and support the steps and methods of solving the exams suddenly became understandable. Again I want to thank you for giving me the opportunity to realize how to harness my full potential. I have never in my life takes a course as challenging and as mentally stimulating as your course. I will carry your wisdom for the rest of my career.

I truly hope you continue to challenge future student, even though some (including myself) became frustrated during the course, towards the end I realized the importance of you advice and wisdom.

Thank You So Much
Emmanuel Ponce

Up until now, I have not done any of the weekly feedback for the class. Every Sunday came by and I just forgot about it. Either way, I would like to offer an overall feedback of the class. I don't know the format but here goes.

Throughout the semester, I missed a few classes to cover the workload of other classes I am registered for. But for the classes I did attend, I had mixed feelings. There were things I both understood and didn't understand. I feel like some things were over my head but I think those were attributed to your teaching style. I overcame those issues by referring to the book. For the things that I understood, those were taught fairly well.

When exam time came, I was well prepared and you can tell that by the grades I've received. They took a lot of time out of my weekend but I could deal with it. As you said in class, you didn't see a purpose in giving students 1.5 hours to work on an exam and I agree. It challenged me more to work on something I can take into the real world. I had my complaints but in the big scheme of things, I understood the purpose of the questions and the answers.

So to sum it up, this course challenged me to the point where I actually enjoyed it. I do not like easy courses. I liked what it taught it and I would prefer all my classes to be as challenging as yours.

Victor Pravongviengkham

Since my last report, we have covered MANY different things. Some things I have a very tight grasp upon, something I am proud to report. Other things, some on the exam, I spent a great deal of time in trying to relearn and make sure I was completing correctly.

The concept of hedging by finding DV01 is ingrained in my brain. Through using them everyday in finding the hedging ratios for treasury futures (cheapest to deliver) and cash bonds, I feel I had a head start over my peers in this area.

I have been researching with coworkers finding ratios based on the volatility of two separate bonds. The point is to find the hedging ratios of a spread or butterfly that has minimal volatility. This is found by using a covariance of two bonds. Right now I am doing historical data mining (I have help from work as I do not fully understand how to use R yet) to get data points at every time t for a time series. Then I plan to use these data points to find the mean and the standard deviation of a move in the spread. After 2 (maybe 3) standard deviations from the mean, I plan on shorting or going long, depending if it's above or below the mean. The size I put on will be a function of the capital available and amount of ticks a standard deviation is. If this has successful results, I plan on moving away from hedging through DV01's as this process is much more statistical, therefore an easier calculated decision. What are your views on this type of trading strategy? What kind of improvements can I do?

This time around, using binomial trees to find the values of options was much clearer this time around. I believe the time I spent reading on the subject made my interest grow and gave me a much clearer view on why the formulas were what they were. I think I can still make improvements in this field and I plan on spending much of my break doing so. I also had a good grasp on finding spot and future interest rates.

I feel there are many things I can use in the trading world from this class. I plan on finding using the on the run bonds on the treasury yield curve to try to estimate the term structure. Maybe I will find arbitrage opportunities of off the run issues? I would do this because the off the run bonds are less liquid and therefore are more likely to have an arbitrage opportunity.

My participation grade should be a 6/10 this semester. I was not able to devote full attention to the class despite the unbelievable amounts of information I think I took away from the class. I think I took to large of a load this semester for the first time in my college career and it took a toll on my time management, my concentration, and my mind. My assignments were well thought out and accurate, however usually late. I always turned in the assignments within the

week and would like to thank you for accepting them. For this reason, I find a 6 out of 10 to be justifiable.

Reed, Brennan J.

I would give myself a 9/10 on my participation and class attendance because I attempt to solve problems in class and have only missed a few classes for valid reasons. Also because I have spent numerous nights trying to figure out the topics we are learning in class and have done all required assignments.

High frequency trading (HFT) is a type of trading that utilizes supercomputers and proprietary trading algorithms to automatically and intelligently make trades within microseconds. HFT systems sometimes sit in the actual stock exchange in the server rooms that run the exchanges themselves, which allows for even faster trading. The main problem with these systems is that they enjoy privileged information.

The major investment firms that use these supercomputers for internal trading and reserve them for their best customers, pay an extra fee to the exchanges that allows their supercomputers to have access to real-time market information before it reaches the trading public. By being able to see trades before anyone or anything else, and executing bids and transactions in microseconds, these supercomputers are able to predict very short-term market trends and be the favored buyer and seller for any momentum on any stock. These systems make money by getting a slightly better price “on the scale of pennies or fractions of a penny per share” on millions of trades [1].

If Wall Street has these super computers to do the trading then what is the point of anyone even entering the trading game, since they will lose because of an unfair advantage that the opponent has. With the greed of the people this does not surprise me it was just a matter of time for them to implement it. Maybe our government should not be as lenient with these financial people especially after the market crash.

Aidan Russell

i would rate myself a 7 out of 10 for participation and attendance. With investment being my weak point, i think i did pretty fair and gave a lot of effort. For future semesters, in my opinion i think that a lot of your announcements should be posted on black board because some students are more likely to look at blackboard for posting rather than checking their email. Overall its been a good semester.

Sims, Kelly A.

(i) I believe that I am developing sufficient real world thinking skills on valuation and trading. I have learned regression based hedging strategies, collared floaters and participating caps to find out the values of the bonds. I believe these give me the tools to value the bonds and whether or not to trade and give you the ground work to figure out the value if the rate fluctuates.

(ii) I believe that I am somewhat learning the technical skills to financial valuation. I am still a little confused about the Ho Lee model. I believe that I did not learn all the steps needed to apply the model. Other than the Ho-Lee model I think that I have developed my technical skills.

(iii) I found the learning valuable to me and I am beginning to see how to apply these strategies in the real world. The project really helped me understand how to find the term structure, and how to find the rates in a real life situation.

(iv) I have been practicing the problems we have learned in class and have felt pretty confident going into exam three. Going in I felt that I was about an 8 out of 10 in being prepared. During the exam I had a lot of trouble with the Ho Lee model on the first part of the exam. I felt that the notes and book did not do a very good job in explaining how to find lambda.

(v) When I am having difficulties I have talked to my classmates and constantly go through my notes and book. Unfortunately I did not have an opportunity to solve the difficulties I had during the exam.

(vi) I think that the professor is doing a good job in helping us think and helping us with our technical skills. I feel sometimes that the notes skip steps which make it more difficult to learn. I think that the notes focused on one thing and then the exam focused on another which was not clearly stated how to do in the notes.

For class participation and attendance I think that I should get an 8 out of 10. I have missed a few classes due to illness and car troubles. As far as participation, even though I am a shy person who does not speak very much, I raise my hand when you ask general questions to the class. For example, when you ask the class if everybody understands I raise my hand to let you know that we do. I think that an 8 would be a fair rating due to the fact that I have missed some classes.

Jordan Towne

Cumulative feedback:

(i) Yes, recent assignment on Wall Street investigation

(ii) Yes, I learned how to estimate term structures, which are necessary to find a good paying job in finance as Professor mentioned in the class

(iii) I am sure I got lots of information from this course, not only the examples provided in the book, but real world examples as well

(iv) I am trying to practice the problems and thinking as much as possible. I would give myself 6

(v) In case of difficulties I usually ask friends. If they are not able to help, than I look for Professor's opinion.

(vi) Professor is doing a great job in helping to build technical and thinking skills.

Trojan, Sylwia U.

Reading Assignment:

The investigation is huge. Federal agents have investigated consultants, hedge funds, mutual funds managers and investment banks. The investigation on Wall Street focuses on "expert networks" which is consulting firms that pay participants to share insights and information with investor. Professional investors use these networks to gather information about conditions and trends in industries.

No matter what the investigation shows, the government will most likely use this as a step towards making the market fair for small investors. Most small investors don't understand that their competition gets all kind of information from expert networks because they don't worry about their performance in a week or month.

Experts are explaining that some charges could be brought before year-end.

Trojan, Sylwia U.

I believe the classes are relevant and insightful, as usual. The professor presents various topics with real world examples and knowledge. It is interesting to hear a critical opinion of the issues in finance, as most professors remain a) neutral or b) supportive of the status quo. However, in-class explanations are still difficult for me to fully comprehend at times. I find myself sometimes having to consult with classmates and outside sources on certain topics covered in class. I really enjoyed the last sections of the class dealing with binomial trees. I have always liked statistics and it was a pleasure dealing with probabilities in finance. My in-class participation and attendance would be graded a 7. I believe this because towards the end of the semester I missed approximately three classes due to my job hunt and other factors. Also, my participation in class could have been greater, but I did engage the professor in conversation a couple times throughout the semester. The best information I absorbed from this class came from his interactions with students when answering their questions.

Xu, Leon S.

Hello,

I enjoyed your class and thank you for all the efforts you put into your research to make a difference in our financial system. Good luck with it.

I found this class very challenging but very interesting at the same time. The challenge came from the style it was taught. I truly believe the class was held following graduate school program instead of undergraduate program. It required a lot of independent studying and researching. I wish we have been given more examples and spent more time in class solving various types of problems. A big part of the class was spent on professor's research results that consumed the time we could spend solving problems. That was the reason why I haven't been too active in providing weekly feedbacks because I had to spend a lot of time for studying independently to be prepared for the exams. I also take other classes that require just as much as this one.

So, to evaluate myself I don't really know what grade I deserve. I honestly know I dedicated enough time for this class and did my best. My effort was not concentrated on the professor's research though. I was more focused to do good on the tests.

I do appreciate the professor's effort a lot and I am amazed how passionate the professor is about it. He clearly knows the problems of our financial system and is working hard to make a difference through his research. He educates people and offers smart, sophisticated solutions that could greatly improve the betterment of our society.

Aleliunaite, Ieva

Cummulative Feedback(i) Are you developing sufficient real-world thinking skills on financial valuation and trading? Enumerate as much as you can.

I have learned many real world thinking skills on how the term structure of interest rates is properly determined by regression modeling off of data. This allows one to determine proper valuation of fixed income securities, mainly bonds, through financial modeling, which will no doubt be helpful in the future, actually understanding the underlying concepts as opposed to relying on a computer to spit out numbers and just accepting them. I have also learned the significance of swaps, and how something that benefits everyone can be made out of a situation which would seem to have no benefit to any of the parties.

(ii) Are you learning sufficient real-world technical skills for valuation and trading of financial securities? Describe.

The technical skills we have learned, like said above, will be helpful for real world understanding of valuation of securities. For trading on the other hand, these types of skills would only be useful for developing an algorithm for arbitrage trading to program into an ultra low-latency high frequency trading program, which I have no interest in.

(iii) Do you find the learning valuable to you? Describe how.

Yes, I elaborated above that what we have learned can be done more accurately and more quickly by a computer, but understanding the general concepts is extremely important for developing trading ideas and understanding how markets work.

(iv) Are you practicing the problems solved in class and thinking of the ideas at home? Rate your preparation on a scale of 1 (worst) to 10 (best).

No need to continue practicing the problems now, but thinking of the ideas and how they apply in the real world is something I do think about. Understanding the relationships between key interest rates on the yield curve and how duration and convexity affects spreads such as 2 year Treasury notes against 10 year notes, etc.

Bohm, Justin S.

Sorry for late submission. I had a final last night.

Overall, I have learned a lot from these classes. Obviously, both classes were unlike any class I have taken at UIC. They required very hard work, patience, and dedication in order to absorb the material. Besides the knowledge that was taught, I feel like these classes have made me a harder worker. I feel like I am able to think on a different scale and spend more time researching or figuring out finance problems. I enjoyed these classes, honestly, more than any class at UIC. At times though, I wanted to pull my hair out but as the saying goes, what ever doesn't kill you, makes you stronger.

Dobersztyn, David J.

After completing (and hopefully passing with a grade of C or better) FIN 415 and FIN 416, I am left with mixed feelings about the classes. Because of the vast similarities between the classes, leaving out the actual material, I will be evaluating both the classes in this one cumulative feedback piece. If I were to describe the two classes in a few words it would be: tough, comprehensive, extensive, time consuming, helpful, valuable, and a great learning experience.

Before entering the class, I had heard some rumors about the class; that it was very hard, and very different from the other finance classes at UIC. The rumors were right. In comparing the difficulty between FIN 415 and FIN 416 to other 400-level finance classes, in my opinion, the

difficulty level is pretty much the same. However, the amount of material covered in FIN 415 and FIN 416 is much more, making FIN416 and FIN416 overall much harder to complete. The facts presented above might not be very interesting or new to anyone. However, I feel that it needs to be said before discussing the structure of the class.

In my opinion, the way Professor Acharya conducts and structures his lectures, material and exams is the absolute optimal way of structuring high-level undergraduate financial classes. The Professor's attention to the actual thought process behind the different theories thought in class is imperative to give the students the value of attending class. As the Professor has stated many times in class, the theories, models and formulas are useless for the students as individuals if they can't understand the underlying meaning of the theories, models and formulas. I personally support this argument, and think that more of the finance classes at UIC should assign more time to teach the students the thought process of whatever model or theory is presented to them.

The examination-structure of the two classes, are also in my opinion the best way to test the students. I personally believe that a take-home weekend exam will give the student more value than a 1- or 2-hour in-class examination.

As much as I have enjoyed the structure of the class and the expertise of Professor Acharya, I believe that the two classes can improve, depending of the Professor's and UIC's goal of the class. Leaving the two classes as they are, if the student spends enough time to study and research the material thought in class, the value of the class can in my opinion become invaluable. However, in order for the student to fully appreciate the overall experience in FIN 415 and 416, the student will have to spend the vast majority of its study-time towards these classes. I am not saying that if the student doesn't assign a certain amount of time to the class, the students can't learn anything from them. All I'm saying is that in order for the student to get comparable grades to their current other classes, most of their time has to be spent studying the material of FIN 415 and/or 416.

Because of the arguments mentioned above, I believe that most students who attend FIN 415 and 416 under Professor Acharya will be able to enjoy the classes more if the amount of material was reduced a few chapters. This will give the Professor the chance and time to repeat material in class so that it will be easier for the students to understand the thought-process behind the material. Also, I think that students taking both FIN 415 and 416 the same semester should get an extension of the exam deadlines of at least 12 hours.

As far as my own participation towards the class and class attendance, I would give myself 7 out of 10. I could certainly have spent more time at home researching and studying the material. However, I have attended almost every single class (missing one or perhaps two classes), and have tried to be verbally active in class whenever I could.

Harbo, Bastian W.

Professor Acharya,

Overall I feel that I really have learned a lot during this semester while in your class. As someone who has always had an interest in options I feel that you have given me the tools to use in the real world. The class did make me think every time I was there which was your goal. I feel that I would give myself a 9 because I was always attending class and participating.

I want to thank you for your teaching and for passing your years of knowledge on to us. It has been a treat having a professor with the extensive knowledge you have and being able to pass it along to us.

Thank you again,
Kevin Koch

(i) Are you developing sufficient real-world thinking skills on financial valuation and trading? Enumerate as much as you can.

Over the scope of the course, I have definitely developed thinking skills about valuing fixed income securities. All valuation begins with recognizing cash flows from a security and discounting them appropriately. This has been engrained into my thinking.

(ii) Are you learning sufficient real-world technical skills for valuation and trading of financial securities? Describe.

Yes, for the most part I feel that I definitely learned real world technical skills. I am still unsure how your answers differ from mine on the 50 bond term structure project. Nonetheless, I am sure that I have developed valuable technical skills that can be applied to valuing fixed income securities.

(iii) Do you find the learning valuable to you? Describe how.

Yes, it is a skill I can leverage on my resume and in the marketplace to employers. It's also applicable to my own personal investing. In addition, the broader scope you presented to us is useful and very informative and teaches us how to look past what they are saying and derive what is really happening by things unsaid.

(iv) Are you practicing the problems solved in class and thinking of the ideas at home? Rate your preparation on a scale of 1 (worst) to 10 (best).

I would give my preparation a 9. There is always room for improvement but I definitely gave my best shot on everything with the little time I had available.

(v) In case of difficulties, how are you dealing with them? Ask a friend? Ask the professor in class or office? Don't have the time yet?

I came to your office and sent you emails regarding any difficulties I had this semester.

(vi) Is the professor significantly helping you build your technical and thinking skills on financial valuation and trading? Write what he should do to improve your learning.

Yes, you were very helpful, very intelligent and knew exactly what you were talking about at all times. However, I feel that sometimes when you were teaching the concepts would go over our heads. Unfortunately, this did not help us (or me more specifically) in the end.

I would give myself a 9.5 taking into account the fact that I missed a few classes. However, when I was there I was always paying attention and taking notes.

**one more thing: I wish an advisor would have told me how demanding and difficult 415 and 416 are. I would have taken them separately, because I feel I could have received a greater benefit from taking one course from you per semester instead of two this fall. Your courses are excellent but most definitely challenging and time consuming and I feel I was forced (especially with the exams) to rush at times with my work. **

Kowieski, Nicholas J

Dear Professor Acharya,

My last feedback is as follows:

Since class began, up until the last held class, I learned the generalized European option model and how the valuation of options on indexes pay continuously compounded dividend yields and interest rates. I have also learned the implied volatility market price of a call and how to solve for the standard deviation using the binomial model. I have learned how to find the equity, debt, default option, and assets using Black's Approximation. The project for this course was very time consuming and academically challenging. It would be beneficial if the professor posted the solutions online after the grades were distributed, so I could see where I went wrong.

I have also learned how to value options with multiple dividends and adjusted stock prices. I have gained knowledge from practicing the Black-Scholes model with a European Call and I learned that this method cannot be used because the risk premium for the option is non-stationary as beta of the option has infinite variation. I learned how to find the current fair value of an American call using the European formula in Black's Approximation. I have also learned how to design a swap for the credit market facing two companies when given the rate of interest to be paid if they borrow directly in both countries. I learned how the swap generated equal value to the financial intermediary in both countries and how the value of a swap equals the value of different credit worthiness across the markets in the two countries. The net value of a swap contract can be structured in many different ways including the fixed rate and the floating rate depending on the contract I have also learned how to find the relationship between the spot rate

and the forward rate. The forward rate is a rate of interest known today at time zero for a future time period.

I have gained knowledge in finding the current fair value of a one year zero through numerous examples that included the price of t-bills, continuous compounding, arbitrage profits, and weighted averages. I also know how to find the fair forward price in equilibrium, how arbitrage profits define unlimited profits with no investment, that arbitrage profits defined are impossible in the real world and the equilibrium models, that arbitrage profits offer realistic fair pricing of assets, and the current fair price of a 10 year bond. I have learned that the fair value of a forward is the lowest possible cost of delivery of the underlying commodity as of delivery. I have been practicing the valuation of forward and finding the current fair forward for delivery of gold in a year in relation to the net value of a forward in contracts.

I have also learned that the valuation of financial assets is done using one or more types of models: discounted cash flows, relative value, and option pricing models. You have shown me that the discounted cash flows determine the value by estimating the expected future earning from owning the asset discounted to their present value. I have also learned how the relative value determines the value based on the market prices of similar assets. You have shown me how to trade in order to make profits when call options current market price is higher than a put options current market price. I have learned how arbitrage is a possibility of a risk-free profit at zero cost which involves taking a position in two or more different markets to lock in a profit. A European option may be exercised only at the expiry date of the option at a single predefined point in time. An American option is different because it may be exercised at any time before the expiry date. The binomial option pricing model provides a generalized numerical method for the valuation of options. Knowing these pricing models for the valuation of financial assets has assisted in the real world understand I received from my time spent in class and from the Professor's lectures.

The real-world technical skills I have learned in relation to swaps are beneficial and I am planning to continually go over the text and my notes to keep learning and acquiring the knowledge I need to be successful in the financial industry. I progressed very well with trading financial securities. I understand how the valuation of forwards is affected by the spot price, time, and income. I also understand alternative strategies to finding storage costs of fair forwards in equilibrium.

I find the learning valuable to me because I am learning a different technique to analyze and construct financial equations and swaps. I can say with confidence that this course has been intellectually challenging and stimulating. Finding the current fair value of a zero and constructing binomial trees have become simple to me along with several other material that the professor has gone over in this course. I progressed thoroughly in this class with learning new alternative strategies to solving equations that can be related to real world issues. Once again, I really like how the professor provided examples in class and I appreciate the professor always asking questions and making sure the students understand the given material.

I practiced the problems done in class and at home so I could understand where the numbers were derived from. I used identical examples so I could get the same answers the professor did in

class. My preparation this semester on class attendance and participation on a scale from 1 -10 would be at a 9 because I was always intrigued with the lectures and ready to tackle the next set of challenging material. I would give myself a 10, but I had to leave class early twice due to my being and officer in the Finance and Investment Group and having to attend two important meetings. I am thankful that the professor understood my circumstances and gave me permission to leave as long as I attained the class notes from a fellow student.

When I had questions from class I asked a friend who understood what was happening in class that day and when they could not answer my questions I would go to the professor after class.

The professor helped me build and acquire skills for thinking and analyzing financial valuation and trading forwards and futures. The exams throughout this course were very challenging; however, this class has been very beneficial and assists me in absorbing the material I will need to understand once I get out into the world of finance. The students along with the professor worked together in class to create examples and analyze the given material. I feel that next semester you should consider spacing out the project and the last two exams a bit more because the amount of time and the overwhelming workload. Thank you for a wonderful semester Professor Acharya. I appreciate your time and knowledge you put into this course to shape me into a well-rounded finance student that can related class material to the real world. Enjoy the holiday season!

Best regards,

Colette LaKoma

Hi Professor Archarya,

I feel like I have learned so much in this class. The valuation of bonds is something I never knew about and this class has exposed me to a whole different type of investing. The technical aspect of this course has forced me to become very familiar with Microsoft excel due to the exams and projects. I feel that these exams and projects were the most helpful to me in terms of learning the material. Your discussions in class we're very interesting, I think for the most part what you were saying is true and for whatever reason the government chooses to ignore what's really happening. You see these bankers with sixty million dollar golden parachutes These banks that are taking billions in loans from the government and still giving out billions in bonuses to their top bankers even though their bank has failed. It has to do with the American business mentality. The top few are in complete control. In America we cut from the bottom up, we cut ten workers at fifty thousand dollars a year. Where in other countries such as Japan they would rather cut two or three top-level executives and save the low-end work force.

The banks have abused the current system so badly that I believe our markets may never gain full stability. This is evident in the mini crashes that have been happening in the smaller stocks with lower volumes. Big players are coming in and manipulating the stock value causing the stock to decrease by as much as ninety five percent of its stock value in one day. The

manipulation in the banks and the financial markets will either end in the demise of the U.S. all together or what I suspect may happen is the government taking over the banking system.

Perhaps the most upsetting thing I thought we spoke about all semester was the idea of these subsidiary banks. The fact that banks were allowed to create fake banks that were consisted of only paperwork were allowed to take peoples money and invest in highly risky investments. Meanwhile, if they happened to lose money they had these subsidiaries to dump the bad assets to so they could keep their balance sheet nice and clean.

Between Fixed Incomes Securities and Options, Futures and Swaps, my understanding of investments has gotten much better. I feel comfortable trading options at this point and have actually been pricing options and just watching to see if I was right. Once I save enough to start trading options I hope to dabble somewhat. Overall, I would say on a scale of 1-10 my understanding falls at an 8. I could feel more comfortable with the material but I can say I am comfortable enough to trade using these strategies.

Thank you,

Justin Little

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Thank you,

Justin Little

Hello,

I believe that this class fixed income securities was a great class to take and has helped me learn a ton more on the valuation of bonds. I realized from the first day of class I would be interested in this class and that it would be more difficult then my others. I have expanded my knowledge from the basic concepts that I have learned from Fin. 300 and even learn term structure which is something that I thought would take me a ton longer then this class would allow for. I again would like to say that the exams and projects though difficult made me learn even more when going through the problems and maybe not remembering certain topics and being able to go look through the book even more to help me remember the concepts that you tried to rely in class.

As far as participation and class attendance I believe that I have scores a 9.5-10 since I did not miss any classes and was attentive for almost all the classes and completed all the tasks that you had assigned in a timely manner.

Thanks,

David Miles

Hi Professor Acharya,

Below is my final weekly feedback for FIN 416 class:

(i) Are you developing sufficient real-world thinking skills on financial valuation and trading? Enumerate as much as you can.

I have developed a lot of real-world thinking skills on financial valuation and trading in this course. I still need to learn a lot so I do not consider my skills sufficient. However, the knowledge gained in this class should be a basis for further development

(ii) Are you learning sufficient real-world technical skills for valuation and trading of financial securities? Describe.

We have learned technical skills for valuation of various derivatives such as options, forwards, futures and swaps. In addition we learned how to take opportunity of mispricing in the markets and develop trading strategies to earn arbitrage profits. As I expressed multiple times in my weekly feedback submissions, I do not consider my skills sufficient. I think that in order to earn arbitrage profits in the real world, it is necessary to make much quicker decisions.

(iii) Do you find the learning valuable to you? Describe how.

I definitely find the learning valuable to me. I think this course significantly helps to develop critical thinking skills. Also, the valuation and trading techniques are very interesting and widely used in the finance world. In addition, we have had interesting discussions about current developments in the field. We were particularly concerned about the structural problems with the banking and financial system overall in the U.S. The professor gave opportunity to read findings of his research and express our thoughts on the topic. It was interesting to see report from the Federal Reserve last week about recipients of funds during the financial crisis. In fact, it appeared that government was moving toward the Safe Bank proposed by the professor by giving funds to investment companies and even industrial companies! (Of course the true Safe Bank is designed to provide such funds to all citizens including individual persons and all companies. In reality, people were left behind!)

(iv) Are you practicing the problems solved in class and thinking of the ideas at home? Rate your preparation on a scale of 1 (worst) to 10 (best).

I tried to accommodate my work and school schedule needs and practice problems as much as possible. I regret I had not practiced even more, but I was still to learn a lot of valuable skills and review them at home. Multiple assignments assigned in this class helped to stay on track with reviews because they required review and preparation for exams. Overall, I would rate my preparation as 8 on a scale from 1 to 10.

(v) In case of difficulties, how are you dealing with them? Ask a friend? Ask the professor in class or office? Don't have the time yet?

I always tried to find answers to questions myself so it helped me learn the new material. The professor was also addressing students' questions in class and via e-mail communication.

(vi) Is the professor significantly helping you build your technical and thinking skills on financial valuation and trading? Write what he should do to improve your learning.

I think that the professor has offered very healthy mix of lectures and problem solving in class. In addition, the professor tried to challenge students as much as possible and help us develop critical thinking skills. As I expressed in my feedback submission last week, I highly value this course and I would encourage all finance majors to take this course. This is because it definitely helps to improve both valuation of financial securities and designing trading strategies. In addition, it can be perceived as a capstone course which reinforces skills learned in other classes.

Overall, I attended all classes during the whole semester and I turned in all assignments before required due dates. As a result, I would rate my participation as 9.5 on a scale out of 10.

Best regards,

Piotr Suwala

Exam 3 took me by surprise. To be quite honest, I was uncertain if I was doing any of the problems correctly. I realize that it was primarily my fault for my attendance began to dwindle towards the end of the semester. That was due to an increased load of responsibility at work which I simply could not turn my back on. I know that education typically comes first; however, I am currently in the decision process of becoming FIRST MIDWEST BANK's newest CREDIT ANALYST (beginning in January). The entire interview process has already taken three months and being a current employee, I had to step up my game to prove to them that I am truly the best candidate (I should know next week).

Anyways, after taking both Finance 415 (last semester) and Finance 416, I feel like I have learned a tremendous amount. There is one thing I wish you would have differently, regarding the project. I feel it would be more beneficial to everyone if we worked with real numbers, as opposed to a randomized set. I understand the mentality behind it but you are always relating everything to the real world so well that I was shocked you didn't that time. I guess in a way that is a suggestion for improving the course in the future. It was a pleasure to be in your class(es) and I hope you continue educating young minds on the fundamentals of fixed income securities and futures and options for years to come.

As far as a grade for attendance and participation, I feel I have earned at least 50%, or 5 out of 10 points, and hope your judgment matches mine. I wish you a wonderful break and best of luck with your propositions.

Szczurek, Jakub L.

Professor,

I feel pretty much the same about this class as I do about FIN 415. The work was hard, but worth it in the end. This class was a little easier to pay attention to than 415 though. I think it had to do with the smaller size of the class. You did more work and more examples in this class also, which was helpful. I did do very poorly on the first exam which I am not too happy about, but the 19 I got on the second exam gave me a little more confidence. Throughout the semester I feel like there was nothing too difficult, and the material was pretty straight forward. For participation, I would give myself an 8/10.

-Melissa Wongkamalasai

Self evaluation of participation in the class: 8.75 out of 10 for the following reasons.

I submitted my weekly feedbacks on time, I sat in front of the class to pay very close attention to the lectures, I asked questions, and tried to involve myself in what Dr. Acharya was asking of us. I raised my hand when I did not understand and Dr. Acharya would explain the material again helping me better grasp the material and allowing my fellow classmates to hear it again.

(i) Are you developing sufficient real-world thinking skills on financial valuation and trading? Yes, all the material like Black-Scholes model, implied volatility, fair prices, learning how to construct binomial trees, learning all these things have helped grasp how the financial markets operate and work. As a result I've become more aware of how valuable it is to understand how our financial system operates. How things like the Libor rates affect us, how the bailout has effected us, and how regulation is more important than congress believes it to be.

(ii) Are you learning sufficient real-world technical skills for valuation and trading of financial securities? Yes, it has taught me very valuable information. Understanding about volatility in the market, or deciphering the implied volatility from the stock price, strike price, and the T and interest rate. Learning the mechanics of swaps, it's so creative how institutions create ways of creating more value for their customers and in the process make money. By trying to utilize all opportunities, and trying see if arbitrage opportunities are present they extract all possible profits. The skills learned has increased my interests to learn more and refine my skills so I can put them to work in the market.

(iii) Do you find the learning valuable to you?

Yes, it has given me the understanding and courage so that I can begin to trade. After graduation I have decided based on this class to use some money to begin trading so that I can have a better understanding of stock and options and also to have a better control over what my retirement will look like in the future.

(iv) Are you practicing the problems solved in class and thinking of the ideas at home? Yes, lots of practicing. After a couple of times of doing these examples, like blacks approx. to value an American call on dividend paying stock you begin to understand it as opposed to just

memorizing it. Repeating the formulas and processes as in the project and exams helps fortify the lectures.

(v) In case of difficulties, how are you dealing with them? Ask a friend? Ask the professor in class or office? Don't have the time yet?

I have been reviewing my notes from lectures, I have met with Dr. Acharya a number of times during office hours so that he can clear up some confusions that I have had on the material covered during lectures. I Have also met with him after exams to go over the results to sharpen my skills were I could improve my understanding of the subject. I have asked my classmates questions. Reading the text to supplement the lectures has helped a great deal. I have sectioned off the entire Saturday for each exam and dedicated the full allotted time to complete the exam. On average I have dedicated 10+ hours per exam, the exams have been very challenging but after I feel that I have learned so much-they bring all the material together very cohesively.

(vi) Is the professor significantly helping you build your technical and thinking skills on financial valuation and trading? Yes, Dr. Acharya has met with me during office hours to go over material, he has really stressed the importance of thinking and reading between the lines. He has brought real work experience that has helped to understand the way the market functions, and also explaining of why the markets has crashed. Understanding how options/futures has been very interesting. Each sectioned that we covered increased my curiosity of the market, it made me think of investments and how I need to start increasing my knowledge by buying and trading. I am going to begin to do more research and start trading; trading conservatively and slowly. Thank you for giving my the information to do so Dr. Acharya.

Zavala, Mario