

## Master of Finance **Finance Research Practicum<sup>SM</sup>**



### **SOLVE PROBLEMS WITH FUTURE MASTERS OF FINANCE**

Infuse fresh thinking into a pressing problem. Engage with MIT Sloan's world-renowned faculty. Meet potential recruits — high achievers trained by an elite institution. You'll experience these benefits — and more — as a sponsor of MIT Sloan's Finance Research Practicum<sup>SM</sup>, a key element of our Master of Finance program (MFin).

### **HOW IT WORKS**

Each year, interested sponsors propose research projects involving practical financial problems, to be addressed by a team of two to three highly motivated, top-tier graduate-level students working full-time during the month of January. Faculty work with sponsors to define projects that best allow students to apply theory to practice in real-world scenarios, testing their skills in research methodologies and data analysis while introducing them to the broader financial community.

Teams may work on-site at your offices or on-campus, or both. And while sponsors are encouraged to defray travel and living expenses, there is no required sponsorship fee.

### **THE OUTCOME**

After an intensive four to six weeks, where sponsors provide guidance and feedback for a few hours per week, teams present their research findings, both onsite at your offices and in the classroom. We partner with you in advance to determine the final output — a white paper, presentation, software code, model, or a combination of deliverables. You walk away with valuable, fresh thinking, and first-hand exposure to some of our brightest minds.

### **SAMPLE PROJECTS**

#### **Investment Research**

- Assess the predictive power of leader-follower relationships among companies.
- Use machine learning and AI techniques to research alpha signals in social media data (Glassdoor, etc.).
- Investigate a probability-based model for emerging markets currency crises.
- Build a trading strategy for rates and currencies using the volatility risk premium.

#### **Venture Capital/Private Equity**

- Perform valuation analysis for a late-stage growth company in the SAAS space.
- Identify attractive PE targets in the small family-owned US manufacturing segment.
- Build detailed valuation models for startup healthcare diagnostics company in South Asia.

#### **Trading/Risk Analysis**

- Use transaction-level intraday bond data to construct measures of overall bond market liquidity.
- Perform factor analysis on illiquid alternative investments like private equity and distressed credit.
- Analyze notional vs. actual trading liquidity in fixed income ETFs; factor crowding in strategies.



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### **Q: How are students assigned?**

A: Course faculty determine assignments based on student and sponsor preferences and required skill sets.

### **Q. What skill sets are typically required?**

A. Projects typically tap into one or more advanced skills: financial econometrics, simulation, derivatives valuation, optimization, software and programming languages, and qualitative or policy-related analysis.

### **Q: Am I guaranteed a team will be assigned to my project?**

A: No. While it's our desire to take on every project, we have to confirm the number of course participants before committing.

### **Q: How does the Practicum differ from an internship?**

A: Students are not employees of the sponsor; they receive teaching and mentoring from course faculty in conjunction with real-world experience. Faculty assign teams and recruit projects that leverage our academic curriculum and meet course objectives.

### **Q: Can I use the Practicum as a recruiting tool?**

A: Yes. We'll involve our Career Development Office to ensure that your needs are met.

### **Q: What is the cost to participate in the Practicum?**

A: MIT Sloan does not charge sponsors to participate. However, some sponsors incur out-of-pocket costs, such as reimbursing students for travel and living expenses outside the Boston area; sponsor travel to campus; and data and software purchases as needed.

### **Q. Do students have access to MIT Sloan data and software?**

A. Yes. Students have access to Bloomberg, Capital IQ, Pitchbook, Compustat, CRSP, FactSet, MATLAB, Mathematica, Barra, Northfield, Windham Portfolio Advisor, and more.

### **Q: What determines if the project is done onsite or offsite?**

A: The sponsor and faculty determine the best venue. Our preference is for students to meet in person with sponsors at least once a week for four weeks. However, we are flexible given sponsor constraints.

### **Q: Is it appropriate to ask students to sign a confidentiality agreement?**

A: Sponsors should clearly communicate what is and is not proprietary. If sponsors wish to formalize an understanding, it can be discussed with course faculty.

## KEY DATES

### **September 30, 2018**

Deadline for communicating intent to participate.

### **October 15, 2018**

Project descriptions due from sponsors (one page or less).

### **November 30, 2018**

Students receive assignments and are introduced to their sponsors.

### **January 5, 2019**

Official start date (or earlier, schedule permitting).

### **February 1, 2019**

Official last day students are available for full-time project work.

### **February/March, 2019**

Students present their research to sponsors and in class.

## For MFin Program Information

### **Heidi V. Pickett**

Assistant Dean,  
Master of Finance Program  
+1.617.324.8121  
hpickett@mit.edu

## For Finance Research Practicum Information

### **Teaching Faculty:**

#### **Gita R. Rao**

Senior Lecturer, Finance  
+1.617.324.7247  
grao@mit.edu

**Learn more about the MFin program: [mitsloan.mit.edu/mfin](https://mitsloan.mit.edu/mfin)**