Virtual Stock Exchange Portfolio Management Project

Purpose
The purpose of using Virtual Stock Exchange is to give you a better understanding of trading strategies and portfolio management. You will also learn a variety of financial instruments and their risks and rewards as they apply to asset management.

Project Overview and Goals
Acting as a prospective portfolio manager, your potential clients have entrusted you with $1,000,000 to invest at your discretion for a period of 4 weeks. They are expecting you to invest their money wisely and profitably. Additionally, your prospective clients are considering other asset managers (your classmates) and will be ranking each according to the success of their portfolio management. You will be able to track how you are measuring up throughout this exercise.

Specifically, they are concerned about the following criteria:

- **Absolute return**: The total dollar increase in the portfolio over the trading period
- **Risk-adjusted return**: The return on the portfolio taking into account the level of risk assumed by you, as measured by the *Sharpe Ratio*

Registration
To register your account, go to http://www.marketwatch.com/game/AQRSouthHigh
Login: southhigh

Registration is free but you should use an email you can access from a school computer. You can use your school issued email. Enter your first name and at least your last initial when setting up your profile.

Sources of Information for Portfolio Managers
Sources that you may find to be particularly valuable for your research include:

- Wall Street Journal: [www.wsj.com](http://www.wsj.com)
- Yahoo Finance: [finance.yahoo.com](http://finance.yahoo.com)
- Walker Management Library: [Walker Management Library Research Links for Managerial Studies Students](http://www.walkermanagementlibrary.com/research-links)

Schedule

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<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>Week 1</td>
<td>Project opens February 29th</td>
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<td>Lab time:___________________________________________________________</td>
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<td>Assignment 1: Portfolio must be set up with initial selections by Thursday 3/3 EOD. Philosophy, Process and Portfolio Statement due Monday 3/7</td>
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| Week 2 | Virtual Stock Exchange trading  
Lab time: ____________________________  
Assignment 2: During this week, you will be given an additional constraint that you must adhere to within your portfolio which could include trading a certain amount, number of times, or certain entities. You will also be asked to prepare a report on this adjustment. |
| Week 3 | Virtual Stock Exchange trading  
Lab time: ____________________________  
Assignment 3: During this week, you will be given an additional constraint that you must adhere to within your portfolio which could include trading a certain amount, number of times, or certain entities. You will also be asked to prepare a report on this adjustment. |
| Week 4 | Virtual Stock Exchange trading  
Lab time: ____________________________  
Begin preparing your Final Portfolio Management Debrief Paper  
Self directed class time for Project: March 22\textsuperscript{nd} - 24th  
DUE DATES:  
Liquidate holdings by March 28\textsuperscript{th} (March 27\textsuperscript{th} End of Day)  
Final Portfolio Management Debrief Paper due March 28\textsuperscript{th}  
Individual Presentations on Tues/Wed March 29\textsuperscript{th}-30\textsuperscript{th} (You will be assigned a time slot)  
Last day for any late projects Friday April 1\textsuperscript{st}, no exceptions. |

**Philosophy, Process and Portfolio Statement**

You are to write a paper as you would in an English class with proper format, grammar, and spelling that is long enough to fully discuss the following ideas.

- Each of your initial investment holdings and the amounts in shares and dollars spent
- The decisions behind each of your initial selections
- A 1-4 sentence quotation from a relevant article from a reliable source that informed at least one of those initial decisions. Do not forget to include the source in some capacity whether it be as a footnote, reference page, or full in-text citation.

**Final Virtual Stock Exchange Debrief Paper**

A double-spaced paper about your Virtual Stock Exchange experience will be due March 28\textsuperscript{th}. You are to write a paper as you would in an English class with proper format, grammar, and spelling that is long enough to fully discuss the following ideas.

Please address the following in your text:

- What are the key things you learned from your Virtual Stock Exchange experience?
- How will your Virtual Stock Exchange experience influence your personal investing in the future?
- Which positions exceeded your expectations? What conditions caused this?
- Which positions underperformed for you? What factors created the performance gap?

Please compute and include the following in your report:

- The transaction history (with commissions) for all trades from start to the end.
- The ending portfolio value.

For **honor's students**, also include the following:

- Calculate your investment portfolio return and annualize this rate of return.
- Calculate the return for the S&P500 index for the same period of investment.
- How did your portfolio perform relative to the S&P 500?

**Please note that this in an individual project and no part of this project or portfolio should be an exact copy or closely resemble any other person's project. If there is any question, both parties involved will receive a 0.**