Description The question that you need to discuss in the paper is: How do the course materials relate to recent stock market volatility? The paper should cover at least seven of these ten topics). 1. Stocks are particularly risky when the investment horizon is short; see slide 2-9 (large drops in the DJIA); (investing in stocks with a one-year investment horizon); and slide 7-13 (stress testing). Discuss the recent large drop in the US (and, more generally, global) stock market. 2. Stock daily returns have ‘fat’ tails (‘extreme’ daily returns are more likely than what the Normal distribution suggests); see slides 7-6 and 22-33. 3. Breakdowns in stock correlations limit diversification benefits during crises (Treasury bonds are typically useful); see slide 9-13 and the video “Recent Returns on Real-World Bond Funds.mp4” under “Lectures after spring break” (19 – Duration and Convexity). 4. Stock diversification reduces unique risk but does not eliminate market risk; see slide 11-19. 5. Do stock prices reflect/embed available information (e.g., the economic impact of Coronavirus)? See slide 15-17 for a comparison of the two views in academia regarding market efficiency. 6. Are practitioners able to precisely forecast short-term stock returns (i.e., ‘timing the market’)? Why? See slide 17-19. 7. What is the extent to which the CAPE ratio of the US stock market predicts long-term US stock market returns? See slide 17-18. 8. What is the sensitivity of P/E ratios and stock prices to the expected growth rate of earnings? See slides 17-20, 17-21, and 17-24. 9. What is the expected short-term future volatility of the US stock market (VIX)? What was the size of VIX in 9/11, 2007-09 financial crisis, 2016 US presidential election, and February 2020? I will post a virtual handout on this topic under “Lectures after spring break” (22 – The Black-Scholes Model). 10. What were the largest daily percentage declines in the history of the U.S. stock market? See slide 22-33 and state/discuss the large percentage daily declines in the U.S. stock market in March 2020. These topics are briefly reviewed in the first 11m: 30s of the audio “16 - Portfolio performance evaluation.m4a” This paper is of extreme importance to me. Paper is supposed to be between 6-10 pages. I placed 6-6.5 pages as a good benchmark. Please let me know if you need any additional information.