UNIT 3 · DECISIONS UNDER STOCHASTIC PREMIUM

Project Proposal Workshop

Session 14 · Proposal feedback · Refining your topic

Samir Asaf, PhD, CFA, CMA, CTP, CM&AA

Senior Partner, Regent Financial LLC, New York

Former Finance Instructor, Stanford University

Primary Text: Liquidity Illusion (Forthcoming, 2026)

Graduate Finance Course · Spring 2027 · Session 14 of 32

What we'll cover today

1. **Course-wide proposal review**
   Common patterns and concerns

2. **Track 1 templates**
   Asset-class deep-dive structure

3. **Track 2 templates**
   Research-paper structure

4. **Peer review exercise**
   Read 2 proposals, give written feedback

5. **Office hours sign-up**
   Individual proposal consultations

What we expect in your proposal (due tonight)

5-7 pages. Structure varies by track:

TRACK 1 (Practitioner)

1. Asset class chosen

Buyout / VC / Infra / RE / Private Credit

2. Empirical motivation

Why this asset class for GE-LAV?

3. Data sources

Bloomberg, S&P Cap IQ, Preqin, Pitchbook

4. Methodology plan

Which GE-LAV formulas to apply

5. Hypothesis

What you expect to find

6. Deliverable

IC memo, allocation guide, or regulatory analysis

TRACK 2 (Researcher)

1. Research question

Specific, falsifiable hypothesis

2. Literature positioning

Connection to existing PE/asset-pricing theory

3. Theoretical extension

How you extend GE-LAV

4. Math approach

Stochastic calculus / numerical / both

5. Expected contribution

Lemma, theorem, or empirical calibration

6. Deliverable

Research paper format (intro, model, results)

Deadline: 11:59 PM tonight. Submit via course site.

Common pitfalls — avoid these

Too broad	'I will study PE valuation' — narrow to specific asset class, vintage, or question.
No GE-LAV connection	Proposal must engage with GE-LAV concepts (OU process, term structure, etc.) — not just describe the asset class.
No deliverable	Must end with a clear product: IC memo, allocation table, derivation, or paper section.
Track mismatch	T1 students proposing theoretical extensions, T2 students proposing pure case analysis. Choose accordingly.
Unrealistic data needs	Don't require proprietary GP data you don't have. Use Preqin, Bloomberg, public secondary data.

Peer review exercise (in-class, 25 min)

You'll be paired with another student. Exchange proposal drafts. Give written feedback.

Three feedback questions:

Q1

Is the GE-LAV connection clear?

Specifically: which GE-LAV concept (OU process, term structure, hedge demand, etc.) does this proposal engage with? Could the reader explain it?

Q2

Is the deliverable concrete?

Will the final paper contain a specific result the reader can cite or use? IC memo, derivation, allocation table, etc.

Q3

What's the biggest risk?

Data access? Mathematical difficulty? Scope creep? Suggest one concrete way to mitigate.

Workshop logistics for today

How the next 75 minutes will run.

First 10 min

Random pair assignment + brief intros

10-30 min

Read partner's proposal · take notes

30-50 min

Discuss in pairs · structured feedback questions

50-65 min

Instructor 1-on-1 walks

65-75 min

Class debrief · common themes

After class

1-page feedback memo to partner, due 24h

Session 14 summary

What we accomplished today

1. Proposal due tonight: 5-7 pages, track-specific structure
2. Five common pitfalls to avoid; biggest is 'too broad'
3. Peer review exercise: three structured feedback questions
4. Office hours sign-up sheet at end of class

Next session

Session 15: Sensitivity analysis — when GE-LAV's predictions are robust and when they're sensitive

What makes a strong project proposal

Three required dimensions.

Specific GE-LAV element

Name the concept: OU, π(L,T), MFG, Pigouvian, etc.

Specific data source

Don't say 'public data'; cite the source

Specific deliverable

What's the output? Memo? Calibration? Theorem?

Specific timeline

Major milestones by week

Specific risks

What could go wrong? Backup plan?

Bonus: empirical vs theoretical

T1 vs T2 alignment matters

Strong proposal vs weak proposal — examples

Borrowed from prior cohort (anonymized).

Strong	Weak	Why
Calibrate π(L,T) for venture debt	Apply GE-LAV to venture debt	Specific data, specific output
Replicate Asaf Fig 5.4 with 2024 data	Update GE-LAV with newer data	Concrete, falsifiable
Prove uniqueness for jump-diffusion L	Extend GE-LAV theoretically	Specific theorem, methodology clear
Compare LA-PME across 5 vintages	Use LA-PME in practice	Specific comparison, data ready
Quantify welfare gap for credit funds	Welfare implications of GE-LAV	Quantified deliverable

Common scope errors

What to look for in your partner's proposal.

Too broad

'GE-LAV across all asset classes' → pick one

Too theoretical without data

Pure theorem without empirical hook → may not match T1/T2 track

Data not available

'Proprietary Preqin data' if you don't have it

Methodology unclear

Doesn't specify exact estimation procedure

Timeline unrealistic

Promises 6 months of work in 2 months

Outcome already known

Doesn't actually test or extend GE-LAV

Three required feedback questions

Ask these of your partner, document answers.

Q1

Is the GE-LAV connection explicit and central? Which concept?

Q2

Are the data sources specific and accessible to you?

Q3

Is the deliverable concrete (memo? calibration? theorem?) and falsifiable?

Bonus Q4

What's the biggest risk to completion?

Bonus Q5

If you had to cut 50% of scope, what stays?

Document

1-page memo to partner with these answers, due 24h

Track-mix proposals: a special case

Some students propose mixed projects. When is this OK?

Mostly T1 with light T2 appendix

Always OK; appendix can be ½ page theorem

Mostly T2 with light T1 case

OK; case can be 1 page anchoring example

50/50 split

Hard — usually means scope too broad. Tighten.

Pure T1 or pure T2

Cleanest; recommended for first-pass students

Switching tracks

Mid-project OK; consult instructor

Group projects

T1 + T2 partner pairing works well

Instructor walks: what to bring

How to use the 5-min slot productively.

Bring

Printed proposal + 3 specific questions

Don't bring

A laptop with new slides — verbal exchange only

Topics

Methodology validity, data availability, scope right-sizing

Common ask

Reading reference for a specific concept

After walk

Update proposal within 24h with notes

Schedule

First-come, first-served · sign up via course site

Class debrief themes (last cohort)

Patterns instructor noticed last year.

Theme 1

Proposals tightened scope by 30-50% after workshop

Theme 2

Most chose single asset class (avoided 'all PE')

Theme 3

Track 2 proposals added empirical hook → stronger

Theme 4

Best projects committed to a specific dataset before S15

Theme 5

Risk plans were initially weak; strengthened in revisions

Action

Review your own proposal against these themes

Next steps before Session 15

Concrete to-do list.

Mon

Send 1-page feedback memo to partner

Tue-Wed

Incorporate partner + instructor feedback

Thu

Update proposal with revised scope + risks

Fri

Send revised proposal to instructor by EOD

Sat-Sun

Begin data collection / methodology setup

S15 preview

Sensitivity analysis · checking when GE-LAV is robust