

School of Economics and Finance
FINA 401 Current Topics in Asset Pricing

Trimester 1 2012

COURSE OUTLINE

Names and Contact Details

Lecturer and Coordinator: Toby Daglish, RH1212, phone 463-5451,
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Administrator: Bonnie Riley, RH327, phone 463-5380,
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Trimester Dates

Teaching Period: Monday 5 March – Friday 8 June

Study Period: Monday 11 June – Thursday 14 June

Examination Period: Friday 15 June – Wednesday 4 July (inclusive)

Class times and Room numbers

Thursday 9:30 – 11:20 RWW126

Withdrawal from the course

Your fees will be refunded if you withdraw from this course on or before 16 March 2012.

The standard last date for withdrawal from this course is Friday 18 May. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on the form 'Application for Associate Dean's permission to Withdraw Late', and include supporting documentation. This form is available from the Faculty's Student Customer Service Desks.

Course delivery

The course is composed of 12 lectures.

Course content

Date	Lecture	Readings
8 March	Stochastic Discount Factors	Chapter 1
15-22 March	Existence and Uniqueness	Chapters 3-4
29 March	Arbitrage Pricing Theory	Chapter 9
5 April	Factors and Hansen-Jagannathan bounds	Chapters 5-6
26 April	Conditioning information Assignment 1 Due	Chapter 8
3 May	Dynamic Programming	Chapter 9
10 May	Capital Asset Pricing Model	Chapter 9
17 May	Intertemporal CAPM	Chapter 9
24 May	Fama-Macbeth Regressions	Chapter 12
31 May	Generalised Method of Moments	Chapter 10-11
7 June	Maximum Likelihood Assignment 2 Due	Chapter 14

Course Learning Objectives

By the end of this course, students should be able to:

- C1 Use stochastic discount factors to represent asset pricing models (CAPM, APT, ICAPM, etc).
- C2 Understand the connection between complete markets and uniqueness of a stochastic discount factor.
- C3 Use conditioning information in the development of an empirical model for asset pricing.
- C4 Use dynamic programming to solve portfolio problems.
- C5 Understand the theoretical underpinnings of the CAPM, APT and ICAPM models.
- C6 Implement tests of asset pricing models using appropriate econometric techniques.

Readings

Readings will be taken from a variety of sources. Probably the most used reference on this material is :

- J. Cochrane, "Asset Pricing", Princeton, Revised edition.

In addition, students will make presentations during class. A separate reading list covers the articles which will be presented.

Expected workload

Expected workload for this course is 150 hours. 24 hours of lectures, 4 hours of exams and 122 hours of study/work on assignments.

Materials and Equipment

Non-programmable calculators are required for the midterm and final exams.

Assessment Requirements

Your course mark will be a weighted average, made up as follows:

Presentation:	30%	during regular class time.
Class participation:	10%	
Two assignments:	30%	26 April and 7 June.
Final exam:	30%	two hours, date will be scheduled during the university examination period.

This course places a heavy emphasis on the reading of academic articles, along with the synthesis and presentation of these materials.

Each student will be expected to present one paper during the course. Lectures will generally be structured so that the instructor gives a 50 minute lecture. This is then followed by two students giving 20 minute presentations, each followed by a 5 minute discussion. Class participation marks will be awarded for active involvement in the discussion of each paper: the expectation is that students will read *all* papers covered in the course, not merely those that they present.

Note: Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

Penalties

Failure to present in the assigned slot will result in a zero grade for this portion of the course.

Examinations

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period. The final examination for this course will be scheduled at some time during the period from Friday 15 June – Wednesday 4 July (inclusive).

Mandatory course requirements

None.

Communication of additional information

Information on the course, including assignments and lecture notes, will be distributed via blackboard, which can be found at <http://blackboard.vuw.ac.nz/>.

Class representative

A class representative will be elected in the first class, and that persons name and contact details made available to VUWSA, the Course Coordinator and the class. The class representative provides a communication channel to liaise with the Course Coordinator on behalf of students.

Notice of Turnitin Use

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <http://www.turnitin.com>. Turnitin is an on-line plagiarism prevention tool which identifies material that may have been copied from other sources including the Internet, books, journals, periodicals or the work of other students. Turnitin is used to assist academic staff in detecting misreferencing, misquotation, and the inclusion of unattributed material, which may be forms of cheating or plagiarism. At the discretion of the Head of School, handwritten work may be copy typed by the School and subject to checking by Turnitin. You are strongly advised to check with your tutor or the course coordinator if you are uncertain about how to use and cite material from other sources. Turnitin will retain a copy of submitted materials on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

SUPPLEMENTARY INFORMATION

For the following important information follow the links provided:

Academic Integrity and Plagiarism <http://www.victoria.ac.nz/home/study/plagiarism.aspx>

General University Policies and Statutes Find key dates, explanations of grades and other useful information at

www.victoria.ac.nz/home/study.

Find out about academic progress and restricted enrolment at

www.victoria.ac.nz/home/study/academic-progress.

The Universitys statutes and policies are available at

www.victoria.ac.nz/home/about/policy, except qualification statutes, which are available via the Calendar webpage at www.victoria.ac.nz/home/study/calendar (See Section C).

Further information about the Universitys academic processes can be found on the website of the Assistant Vice-Chancellor (Academic) at

www.victoria.ac.nz/home/about_victoria/avcacademic/default.aspx

AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support

http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx

Faculty of Commerce and Administration Offices

<http://www.victoria.ac.nz/fca/studenthelp/>

Manaaki Pihipihinga Programme

http://www.victoria.ac.nz/st_services/mentoring/