TE WHARE WĀNANGA O TE ŪPOKO O TE IKA A MĀUI

VICTORIA
UNIVERSITY OF WELLINGTON

School of Economics and Finance

FINA 401 Current Topics in Asset Pricing

Trimester 2 2014

COURSE OUTLINE

Names and Contact Details

Lecturer and Coordinator: Toby Daglish, RWW408, phone 463-5451,
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Administrator: TBA

Trimester Dates

Teaching Period: Monday 2 March – Friday 5 June
Study Period: Monday 8 June – Thursday 11 June
Examination Period: Friday 12 June – Wednesday 1 July (inclusive)

Withdrawal from the course

Your fees will be refunded if you withdraw from this course on or before Friday 13 March 2015.

The standard last date for withdrawal from this course is Friday 15 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 or online.

Class times and Room numbers

Tuesday 11:30 - 13:20 RWW128

Course delivery

The course is composed of 12 lectures.

Expected workload

Expected workload for this course is 150 hours. 24 hours of lectures, 2 hours of exams and 124 hours of study/work on assignments.

Prescription

An intensive examination of modern research in asset pricing, focusing on the role of intertemporal risks. Topics include consumption-based asset pricing models; the theory, estimation, and evaluation of factor pricing models; and application of the theory to markets for bonds, commodities, currencies, real estate, and other assets.

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.

Course content

Date	Lecture	Readings
3 March	Stochastic Discount Factors and Hansen-Jagannathan bounds	Chapter 1 Chapter 5
10-17 March	Existence and Uniqueness	Chapters 3-4
24 March	Factor models and the APT,	Chapters 5-6, and Chapter 9
31 March	Factor models and the APT, cont'd *Assignment 1 Due*	
21 April	Generalised Method of Moments	Chapter 10-11
28 April	Fama-Macbeth Regressions	Chapter 12
5-19 May	Dynamic Programming, the CAPM, and Conditioning Information	Chapters 8-9
26 May	Intertemporal CAPM *Assignment 2 Due*	Chapter 9
2 June	Intertemporal CAPM, cont'd	

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.

Materials and Equipment

Non-programmable calculators are required for the final exam.

Assessment

The Assessment Handbook will apply to all VUW courses: see http://www.victoria.ac.nz/documen policy/assessment-handbook.pdf.

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

Presentation:	30%	during regular class time.
Class participation:	10%	
Two assignments:	30%	31 March and 26 May.
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 lecturer 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.

Penalties

Failure to present in the assigned slot will result in a zero grade for this portion of the course. Failure to hand in a piece of assessment by the due date will result in a 20% penalty in grade by day overdue.

Use of Turnitin

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 compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and submitted to Turnitin. A copy of submitted materials will be retained 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.

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 exami-

nation for this course will be scheduled at some time during the period from Friday 12 June – Wednesday 1 July (inclusive).

Mandatory course requirements

None.

Class representative

A class representative will be elected for the entire class of Honours, and that person's 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.

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/.

Student Feedback

Student feedback on University courses may be found at

www.cad.vuw.ac.nz/feedback/feedback_display.php

Link to general information

For general information about course-related matters, go to

http://www.victoria.ac.nz/vbs/studenthelp/general-course-information

Note to Students

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 academic audit. The findings may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.