Asset Pricing

Module 3, 2017-2018

Oleg Shibanov, NES
oshibanov@nes.ru

Course description

Much of the material that we will cover is at the center of the work underlying two Nobel prizes that financial economists have received: Markowitz's portfolio selection theory and Sharpe and Lintner's Capital Asset Pricing Model. The goal of this course is to provide you knowledge of the theoretical foundations of portfolio theory, asset pricing and portfolio management, techniques to apply those theories, and the skills and approaches to implement these ideas.
This is a case course with lectures. This is not a quant course you should take to know quantitative finance. Do not expect me to talk in great details about programming, HFT or algo-trading. That's not what would be in the course.

Course requirements, grading, and attendance policies

The course grade will be based on
4 cases participation and write-ups 20%
3 home assignments 30%
Final exam 50%

Please note all lecture slides and assignments are in English. It would be better if you write your answers to home assignments and write-ups in English as well.

Should a student miss the final exam, if NES administration has verified that the reason is legitimate, the student may take a comprehensive, covering all material in the course. This replacement will be offered approximately one week after the final's date, depending on the scheduling of other evaluation works and other bureaucratic reasons. The professor will determine exact time of the replacement after the final has been administered.
If a student's grade for the course is failing, the student retains the right to have one make-up (beyond the replacement comprehensive mentioned above). It will be written and comprehensive, covering all material in the course.

Course contents

The first 6 classes are lectures designed to present to you the basic ideas in portfolio theory, econometrics and asset pricing. The second set of 8 classes are mostly case discussions followed by lectures. The cases are to provide you an opportunity to apply the theories and techniques to real applications, and, more importantly, to help you develop a framework for thinking about real life problems and the skills to attack those problems.

Reading

We will mainly use Chapters 8-14 of Welch non-existent Investments text book available here: http://book.ivo-welch.info/bookg.pdf
Also you'll read some of chapters of his main book http://book.ivo-welch.info/ed3. There is also a useful textbook by Bodie Z., Kane A. and Marcus A.J., Investments and Portfolio Management, 9th ed., McGraw-Hill (available at the library, called below BKM). We will use one chapter on performance measurement from that book.However, I would recommend to read some chapters from the book as an additional reading.

Academic integrity policy

Unless specifically instructed, all work in this class is to be your own. Representing someone else's work as your own is unethical.
If you are caught representing someone else's work as your own, you will receive a zero for the assignment, the midterm/final or write-up. There are no make-ups or make-up assignments in the case of academic dishonesty.
Please note that it is very, very easy to be honest. If you are working on an assignment and you get information from a book or website, all you need to do is cite the book or website.
On final and write-ups: giving an answer or taking an answer to a fellow student are both dishonest. Either will result is a zero for the final or write-up on the first occurrence (and I will inform the NES administration). The second occurrence will result in a failing grade for the course without opportunity to make up the final.