FINS4774/5574
Empirical Asset Pricing

Course Outline
Semester 1, 2016

Part A: Course-Specific Information
Part B: Key Policies, Student Responsibilities and Support
<table>
<thead>
<tr>
<th>Table of Contents</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PART A: COURSE-SPECIFIC INFORMATION</strong></td>
<td>2</td>
</tr>
<tr>
<td>1 STAFF CONTACT DETAILS</td>
<td>2</td>
</tr>
<tr>
<td>2 COURSE DETAILS</td>
<td>2</td>
</tr>
<tr>
<td>2.1 Teaching Times and Locations</td>
<td>2</td>
</tr>
<tr>
<td>2.2 Units of Credit</td>
<td>2</td>
</tr>
<tr>
<td>2.3 Summary of Course</td>
<td>2</td>
</tr>
<tr>
<td>2.4 Course Aims and Relationship to Other Courses</td>
<td>2</td>
</tr>
<tr>
<td>2.5 Student Learning Outcomes</td>
<td>2</td>
</tr>
<tr>
<td>3 LEARNING AND TEACHING ACTIVITIES</td>
<td>4</td>
</tr>
<tr>
<td>3.1 Approach to Learning and Teaching in the Course</td>
<td>4</td>
</tr>
<tr>
<td>3.2 Learning Activities and Teaching Strategies</td>
<td>4</td>
</tr>
<tr>
<td>4 ASSESSMENT</td>
<td>4</td>
</tr>
<tr>
<td>4.1 Formal Requirements</td>
<td>4</td>
</tr>
<tr>
<td>4.2 Assessment Details</td>
<td>4</td>
</tr>
<tr>
<td>4.3 Assessment Format</td>
<td>5</td>
</tr>
<tr>
<td>4.4 Late Submission</td>
<td>5</td>
</tr>
<tr>
<td>5 COURSE RESOURCES</td>
<td>5</td>
</tr>
<tr>
<td>6 COURSE EVALUATION AND DEVELOPMENT</td>
<td>6</td>
</tr>
<tr>
<td>7 COURSE SCHEDULE</td>
<td>6</td>
</tr>
<tr>
<td><strong>PART B: KEY POLICIES, STUDENT RESPONSIBILITIES AND SUPPORT</strong></td>
<td>7</td>
</tr>
<tr>
<td>8 PROGRAM LEARNING GOALS AND OUTCOMES</td>
<td>7</td>
</tr>
<tr>
<td>9 ACADEMIC HONESTY AND PLAGIARISM</td>
<td>8</td>
</tr>
<tr>
<td>10 STUDENT RESPONSIBILITIES AND CONDUCT</td>
<td>8</td>
</tr>
<tr>
<td>10.1 Workload</td>
<td>8</td>
</tr>
<tr>
<td>10.2 Attendance</td>
<td>8</td>
</tr>
<tr>
<td>10.3 General Conduct and Behaviour</td>
<td>9</td>
</tr>
<tr>
<td>10.4 Health and Safety</td>
<td>9</td>
</tr>
<tr>
<td>10.5 Keeping Informed</td>
<td>9</td>
</tr>
<tr>
<td>11 SPECIAL CONSIDERATION</td>
<td>9</td>
</tr>
<tr>
<td>12 STUDENT RESOURCES AND SUPPORT</td>
<td>10</td>
</tr>
</tbody>
</table>
PART A: COURSE-SPECIFIC INFORMATION

1 STAFF CONTACT DETAILS
Lecturer-in-charge: Dr. Chunhua Lan
Room: Business School Building Room 308
Phone No: 9385 5952
Email: c.lan@unsw.edu.au
Consultation Times – Friday 15:00-16:00

2 COURSE DETAILS

2.1 Teaching Times and Locations
Lectures start in Week 1(to Week 12): The Time and Location are:
Lecture time: Thursday 18:00 - 21:00
Location: BUS 220

2.2 Units of Credit
The course is worth 6 units of credit.
This course is taught in parallel to both undergraduate and postgraduate students.

2.3 Summary of Course
This course provides critical understandings of the concepts and empirical approaches in asset pricing. Main topics include model testing, financial market anomalies, market efficiency, and asset management. This course exposes students to both conventional views and recent evidence on selected topics.

2.4 Course Aims and Relationship to Other Courses
The goal of this course is to prepare Honours and research postgraduate students to do research in empirical asset pricing. This course emphasizes effective analysis of empirical asset pricing questions. Instead of providing an exhaustive overview of the field, it focuses on in-depth understanding of research questions and empirical research approaches. The course assumes a sound knowledge of the economic theory relating to the foundations of finance and of econometric techniques relating to empirical analysis. By the end of the course, you should be familiar with some advanced work in the field of empirical asset pricing, have a good understanding of how to critically evaluate research work, as well as be equipped to undertake your own research projects in the field.

Good knowledge in Algebra, and Statistics and Probability is required. The econometric techniques covered in Research Method in Finance 1 and 2 are useful for students to understand their research projects.

2.5 Student Learning Outcomes
The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.
The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all undergraduate and postgraduate coursework students in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree (e.g. ‘be an effective team player’). You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree (e.g. ‘participate collaboratively and responsibly in teams’).
For more information on the Undergraduate and Postgraduate Coursework Program Learning Goals and Outcomes, see Part B of the course outline.

#### Business Undergraduate Program Learning Goals and Outcomes

1. **Knowledge**: Our graduates will have in-depth disciplinary knowledge applicable in local and global contexts.
   You should be able to select and apply disciplinary knowledge to business situations in a local and global environment.

2. **Critical thinking and problem solving**: Our graduates will be critical thinkers and effective problem solvers.
   You should be able to identify and research issues in business situations, analyse the issues, and propose appropriate and well-justified solutions.

3. **Communication**: Our graduates will be effective professional communicators.
   You should be able to:
   a. Prepare written documents that are clear and concise, using appropriate style and presentation for the intended audience, purpose and context, and
   b. Prepare and deliver oral presentations that are clear, focused, well-structured, and delivered in a professional manner.

4. **Teamwork**: Our graduates will be effective team participants.
   You should be able to participate collaboratively and responsibly in teams, and reflect on your own teamwork, and on the team’s processes and ability to achieve outcomes.

5. **Ethical, social and environmental responsibility**: Our graduates will have a sound awareness of the ethical, social, cultural and environmental implications of business practice.
   You should be able to:
   a. Identify and assess ethical, environmental and/or sustainability considerations in business decision-making and practice, and
   b. Identify social and cultural implications of business situations.

The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed (they may also be developed in tutorials and other activities):

<table>
<thead>
<tr>
<th>Program Learning Goals and Outcomes</th>
<th>Course Learning Outcomes</th>
<th>Course Assessment Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>This course helps you to achieve the following learning goals for all Business undergraduate and postgraduate coursework students:</td>
<td>On successful completion of the course, you should be able to:</td>
<td>This learning outcome will be assessed in the following items:</td>
</tr>
<tr>
<td>1 Knowledge</td>
<td>Analyse data and test hypotheses.</td>
<td>• In-class discussion</td>
</tr>
</tbody>
</table>
3 LEARNING AND TEACHING ACTIVITIES

3.1 Approach to Learning and Teaching in the Course
This course emphasizes on developing concepts and analytical skills, and focuses on both economic intuition and technical details.

3.2 Learning Activities and Teaching Strategies
To achieve the learning outcomes specified in Section 2.4, students are especially advised to do the followings.

1. Familiarize themselves with reading materials before attending classes.
2. Actively participate in class: Answer questions posed by the instructor, and ask your own questions.
3. Attend class lectures and arrive on time.

Lectures are conducted in 3-hour blocks. This course encourages students to form study groups to engage in interactive discussions and to do projects.

4 ASSESSMENT

4.1 Formal Requirements
In order to pass this course, you must:
- achieve a composite mark of at least 50; and
- make a satisfactory attempt at all assessment tasks (see below).

4.2 Assessment Details

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Weighting</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class participation</td>
<td>15%</td>
<td>Week 1-12</td>
</tr>
<tr>
<td>Paper presentation</td>
<td>25%</td>
<td>As assigned</td>
</tr>
<tr>
<td>Critique report</td>
<td>30%</td>
<td>Week 13</td>
</tr>
</tbody>
</table>
Team project 30%  
To be announced in class  
Total 100%  

**Class participation (15%)**:  
Students will be assessed on participation in discussions in class. To obtain a good mark for this assessment component, please note that quality is far more important than quantity.

**Paper Presentation (25%)**:  
Each student will be expected to present an assigned academic paper. A full list of academic papers will be posted in the web site of this course.

**Critique Report (30%)**:  
Write a referee report on an assigned academic paper. A full list of academic papers will be posted in the web site of this course. A group of a couple of students will be expected to present their main critiques about the assigned paper after the paper presentation in Week 2-11. One copy of the referee report from each group must be completed and due in week 13. Each group is required to conduct a presentation on the importance of the question asked in the academic paper, present essential part of the models or empirical methods used in the paper, and wrap up with a brief discussion of extension and critique of the paper.

**Team project (30%)**:  
To be announced in class

### 4.3 Assessment Format
The format of all the assignments will be explained in class. All student submissions should include, in large upper case letters, the student full names, last name first, ID numbers, and the course code. These information must be written clearly.

### 4.4 Late Submission
Late submissions will not be accepted unless exceptional medical or compassionate circumstances occur. Medical certificates or the evidence of extreme misfortune must be provided.

### Quality Assurance
The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.

### 5 COURSE RESOURCES

**Lecture notes**
The website for this course is on Moodle at:  
http://moodle.telt.unsw.edu.au  
under the subject code FINS 4774/5574. It includes the course outline, relevant lecture notes, assignment topics/hints/resources, and important announcements.
6 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW’s Course and Teaching Evaluation and Improvement (CATEI) Process is one of the ways in which student evaluative feedback is gathered. In this course, we will seek your feedback through end of semester CATEI evaluations. You are also encouraged to provide constructive feedbacks to the lecturers directly in class, during consultation times or via email. We greatly value these suggestions and even criticisms.

7 COURSE SCHEDULE

<table>
<thead>
<tr>
<th>Lectures</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>Overview of empirical asset pricing</td>
</tr>
<tr>
<td>Week 2</td>
<td>Factor models</td>
</tr>
<tr>
<td>Week 3</td>
<td>Conditional factor models</td>
</tr>
<tr>
<td>Week 4</td>
<td>Financial market anomalies</td>
</tr>
<tr>
<td>Week 5-6</td>
<td>Market efficiency and institutional investors</td>
</tr>
<tr>
<td>Week 7</td>
<td>ICAPM and return decomposition</td>
</tr>
<tr>
<td>Week 8-9</td>
<td>Fund performance</td>
</tr>
<tr>
<td>Week 10</td>
<td>Commonality in returns and in liquidity</td>
</tr>
<tr>
<td>Week 11</td>
<td>Idiosyncratic risk</td>
</tr>
<tr>
<td>Week 12</td>
<td>Discussions of team projects</td>
</tr>
</tbody>
</table>
PART B: KEY POLICIES, STUDENT RESPONSIBILITIES AND SUPPORT

8 PROGRAM LEARNING GOALS AND OUTCOMES

The Business School Program Learning Goals reflect what we want all students to BE or HAVE by the time they successfully complete their degree, regardless of their individual majors or specialisations. For example, we want all our graduates to HAVE a high level of business knowledge, and a sound awareness of ethical, social, cultural and environmental implications of business. As well, we want all our graduates to BE effective problem-solvers, communicators and team participants. These are our overall learning goals for you and are sought after by employers.

You can demonstrate your achievement of these goals by the specific outcomes you achieve by the end of your degree (e.g. be able to analyse and research business problems and propose well-justified solutions). Each course contributes to your development of two or more program learning goals/outcomes by providing opportunities for you to practise these skills and to be assessed and receive feedback.

Program Learning Goals for undergraduate and postgraduate students cover the same key areas (application of business knowledge, critical thinking, communication and teamwork, ethical, social and environmental responsibility), which are key goals for all Business students and essential for success in a globalised world. However, the specific outcomes reflect different expectations for these levels of study.

We strongly advise you to choose a range of courses which assist your development of these skills, e.g., courses assessing written and oral communication skills, and to keep a record of your achievements against the Program Learning Goals as part of your portfolio.

<table>
<thead>
<tr>
<th>Business Undergraduate Program Learning Goals and Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Knowledge: Our graduates will have in-depth disciplinary knowledge applicable in local and global contexts. You should be able to select and apply disciplinary knowledge to business situations in a local and global environment.</td>
</tr>
<tr>
<td>2. Critical thinking and problem solving: Our graduates will be critical thinkers and effective problem solvers. You should be able to identify and research issues in business situations, analyse the issues, and propose appropriate and well-justified solutions.</td>
</tr>
<tr>
<td>3. Communication: Our graduates will be effective professional communicators. You should be able to: a. Prepare written documents that are clear and concise, using appropriate style and presentation for the intended audience, purpose and context, and b. Prepare and deliver oral presentations that are clear, focused, well-structured, and delivered in a professional manner.</td>
</tr>
<tr>
<td>4. Teamwork: Our graduates will be effective team participants. You should be able to participate collaboratively and responsibly in teams, and reflect on your own teamwork, and on the team’s processes and ability to achieve outcomes.</td>
</tr>
<tr>
<td>5. Ethical, social and environmental responsibility: Our graduates will have a sound</td>
</tr>
</tbody>
</table>
You will be able to:

a. Identify and assess ethical, environmental and/or sustainability considerations in business decision-making and practice, and
b. Identify social and cultural implications of business situations.

9 ACADEMIC HONESTY AND PLAGIARISM

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For UNSW policies, penalties, and information to help you avoid plagiarism see: https://student.unsw.edu.au/plagiarism as well as the guidelines in the online ELISE tutorials for all new UNSW students: http://subjectguides.library.unsw.edu.au/elise

To see if you understand plagiarism, do this short quiz:
https://student.unsw.edu.au/plagiarism-quiz

For information on how to acknowledge your sources and reference correctly, see:
https://student.unsw.edu.au/harvard-referencing

For the Business School Harvard Referencing Guide, see the Business Referencing and Plagiarism webpage (Business >Students>Learning support> Resources>Referencing and plagiarism).

10 STUDENT RESPONSIBILITIES AND CONDUCT

Students are expected to be familiar with and adhere to university policies in relation to class attendance and general conduct and behaviour, including maintaining a safe, respectful environment; and to understand their obligations in relation to workload, assessment and keeping informed.

Information and policies on these topics can be found in UNSW Current Students ‘Managing your Program’ webpages: https://student.unsw.edu.au/program.

10.1 Workload

It is expected that you will spend at least nine to ten hours per week studying this course. This time should be made up of reading, research, working on exercises and problems, online activities and attending classes. In periods where you need to complete assignments or prepare for examinations, the workload may be greater. Over-commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

We strongly encourage you to connect with your Moodle course websites in the first week of semester. Local and international research indicates that students who engage early and often with their course website are more likely to pass their course.

Information on expected workload: https://student.unsw.edu.au/uoc

10.2 Attendance

Your regular and punctual attendance at lectures and seminars, as well as in online activities, is expected in this course. University regulations indicate that if students attend less than 80% of scheduled classes they may be refused final assessment. For more information, see: https://student.unsw.edu.au/attendance
10.3 General Conduct and Behaviour
You are expected to conduct yourself with consideration and respect for the needs of your fellow students and teaching staff. Conduct which unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class. More information on student conduct is available at: https://student.unsw.edu.au/conduct

10.4 Health and Safety
UNSW Policy requires each person to work safely and responsibly, in order to avoid personal injury and to protect the safety of others. For more information, see http://safety.unsw.edu.au/.

10.5 Keeping Informed
You should take note of all announcements made in lectures, tutorials or on the course web site. From time to time, the University will send important announcements to your university e-mail address without providing you with a paper copy. You will be deemed to have received this information. It is also your responsibility to keep the University informed of all changes to your contact details.

11 SPECIAL CONSIDERATION
You must submit all assignments and attend all examinations scheduled for your course. You should seek assistance early if you suffer illness or misadventure which affects your course progress.

General information on special consideration for undergraduate and postgraduate courses:
1. All applications for special consideration must be lodged online through myUNSW within 3 working days of the assessment (Log into myUNSW and go to My Student Profile tab > My Student Services > Online Services > Special Consideration). You will then need to submit the originals or certified copies of your completed Professional Authority form (pdf - download here) and other supporting documentation to Student Central. For more information, please study carefully in advance the instructions and conditions at: https://student.unsw.edu.au/special-consideration
2. Please note that documentation may be checked for authenticity and the submission of false documentation will be treated as academic misconduct. The School may ask to see the original or certified copy.
3. Applications will not be accepted by teaching staff. The lecturer-in-charge will be automatically notified when you lodge an online application for special consideration.
4. Decisions and recommendations are only made by lecturers-in-charge (or by the Faculty Panel in the case of UG final exam special considerations), not by tutors.
5. Applying for special consideration does not automatically mean that you will be granted a supplementary exam or other concession.
6. Special consideration requests do not allow lecturers-in-charge to award students additional marks.
12 STUDENT RESOURCES AND SUPPORT

The University and the Business School provide a wide range of support services for students, including:

- **Business School Education Development Unit (EDU)**
  https://www.business.unsw.edu.au/students/resources/learning-support
  The EDU provides academic writing, study skills and maths support specifically for Business students. Services include workshops, online resources, and individual consultations. EDU Office: Level 1, Room 1033, Quadrangle Building. Phone: 9385 5584; Email: edu@unsw.edu.au.

- **Business Student Centre**
  https://www.business.unsw.edu.au/students/resources/student-centre
  Provides advice and direction on all aspects of admission, enrolment and graduation. Office: Level 1, Room 1028 in the Quadrangle Building; Phone: 9385 3189.

- **Moodle eLearning Support**
  For online help using Moodle, go to: https://student.unsw.edu.au/moodle-support. For technical support, email: itservicecentre@unsw.edu.au; Phone: 9385 1333.

- **UNSW Learning Centre**
  www.lc.unsw.edu.au Provides academic skills support services, including workshops and resources, for all UNSW students. See website for details.

- **Library training and search support services**
  http://info.library.unsw.edu.au/web/services/services.html

- **IT Service Centre**

- **UNSW Counselling and Psychological Services**
  https://student.unsw.edu.au/wellbeing Provides support and services if you need help with your personal life, getting your academic life back on track or just want to know how to stay safe, including free, confidential counselling. Office: Level 2, East Wing, Quadrangle Building; Phone: 9385 5418; Email: counselling@unsw.edu.au

- **Student Equity & Disabilities Unit**
  http://www.studentequity.unsw.edu.au Provides advice regarding equity and diversity issues, and support for students who have a disability or disadvantage that interferes with their learning. Office: Ground Floor, John Goodsell Building; Phone: 9385 4734; Email: seadu@unsw.edu.au