Course Outline 2019
FINANCE 705: EMPIRICAL FINANCE (15 POINTS)
Semester 1 (1193)

Course prescription and Goals of the course
This course examines the theory and application of modern research methods in finance. It has two broad objectives. The first objective is to provide students with a basic framework of how to conduct research in finance and how to avoid some of the pitfalls of research in finance. The second objective is to help you in finding a potential topic for your research project and to develop this into a rigorous research proposal. These objectives are achieved through exposing students to a range of contemporary research issues in finance.

Course advice
No prerequisite courses or restrictions. Accounting students are welcome to attend Fin705, but a reasonable level of quantitative skills is expected. Students concurrently working on a Research Thesis (i.e. in the same semester) are also welcome, but are expected to develop a new research proposal on a different topic.

Learning outcomes (LO)

<table>
<thead>
<tr>
<th>#</th>
<th>Learning outcome</th>
<th>Graduate profile capability*</th>
</tr>
</thead>
<tbody>
<tr>
<td>LO1</td>
<td>Formulate a well-motivated research question</td>
<td>1. Disciplinary knowledge and practice</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Critical Thinking</td>
</tr>
<tr>
<td>LO2</td>
<td>Develop research hypotheses</td>
<td>1. Disciplinary knowledge and practice</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Critical Thinking</td>
</tr>
<tr>
<td>LO3</td>
<td>Select appropriate research methods to test hypotheses</td>
<td>2. Critical thinking</td>
</tr>
<tr>
<td>LO4</td>
<td>Write a research proposal</td>
<td>1. Disciplinary knowledge and practice</td>
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<tr>
<td></td>
<td></td>
<td>4b. Communication (Written)</td>
</tr>
</tbody>
</table>
# Learning outcome | Graduate profile capability
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LO5 | Draw sensible inferences from results | 2. Critical thinking

LO6 | Demonstrate verbal, written, and interpersonal communication skills, at a level where you can communicate knowledge clearly and succinctly. | 4a. Communication (Oral) 4b. Communication (Written) 4c. Engagement (Collaboration)

* See the graduate profile this course belongs to at the end of this course outline.

Content outline

**Week 3: (18 March)** Introduction and Event Studies  Henk Berkman

**Week 4: (25 March)** Long Term Event Studies  Henk Berkman

Hand Out Assignment 1

**Week 5: (1 April)** More on Event Studies  Henk Berkman

**Week 6: (8 April)** Research Topics  Henk Berkman

**Week 7: (29 April)** Regression Models  Dimitri Margaritis
- Recommended reading: Chapters 2 - 4 of "Introductory econometrics for finance" by Chris Brooks (Cambridge University Press).

**Week 8: (6 May)** Time Series Econometrics  Dimitri Margaritis
- Recommended reading: Chapters 7 - 8 of "Introductory econometrics for finance" by Chris Brooks (Cambridge University Press).

Hand In Assignment 1  
Hand Out Assignment 2
Week 9: (13 May) Selected Papers for Group Presentations Dimitri Margaritis


Week 10: (20 May) Selected Papers for Group Presentations Dimitri Margaritis


Week 11: (27 May) Research Proposals

Week 12: (1 June) Research Proposals

Hand In Assignment 2

Learning and teaching

The course consists of 3-hour lectures and seminars. In the seminars, you will present your research topic, your research proposal, and a pre-assigned topic. Questions are encouraged both during and after lectures and seminars. All students are expected to come to class prepared and willing to engage in active discussion. Active class participation is an important part of Finance 705, and will be a component in the calculation of the final mark.

Since each of us brings different experiences and backgrounds to class, and has different ways of approaching the issues we will be addressing in the course, one of the objectives of class participation is to learn from one another. You will not be penalised for subscribing to a different way of thinking as long as you can logically back up your points. The only “bad” outcome is a lack of participation.
Teaching staff
Professor Henk Berkman
Room 577, Owen G. Glenn Building
Phone: 373 7599 ext. 84861
E-mail h.berkman@auckland.ac.nz
Office hours: by appointment

Professor Dimitri Margaritis
Room 571, Owen G. Glenn Building
Phone: 373 7599 ext. 87181
E-mail d.margaritis@auckland.ac.nz
Office hours: by appointment

Learning resources
All readings and other learning resources can be obtained through the library catalogue, scholar.google.com, ssrn.com or electronic databases at UABS.

Assessment information

<table>
<thead>
<tr>
<th>Assessment task</th>
<th>Weight %</th>
<th>Group and/or individual</th>
<th>Submission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignments (15 + 15)</td>
<td>30</td>
<td>Group and Individual</td>
<td>Hard copy or email</td>
</tr>
<tr>
<td>Participation</td>
<td>10</td>
<td>Individual</td>
<td>In class</td>
</tr>
<tr>
<td>Presentation (10 + 5 + 5)</td>
<td>20</td>
<td>Group and Individual</td>
<td>In class</td>
</tr>
<tr>
<td>Research Proposal</td>
<td>40</td>
<td>Individual</td>
<td>By email</td>
</tr>
</tbody>
</table>

Description of assessment tasks

<table>
<thead>
<tr>
<th>Assessment task</th>
<th>Learning outcome to be assessed</th>
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</table>
| **Presentations**
  Each of you will prepare a short presentation on a potential research topic, you will also do a group presentation on an assigned article, and you will each present your research proposal. During and following presentations, it is expected that the class will discuss research issues that arise from your presentation. Presentations must provide enough background information to facilitate this discussion. | 1-3, 6 |
| **Participation**
  You will earn marks for participation if you come to class having studied the reading material assigned for the day and if you participate in class discussion by offering appropriate/relevant comments and seeking clarification of important issues. | 1-3, 6 |
<table>
<thead>
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</thead>
<tbody>
<tr>
<td>Out of respect for all participants in Fin705, mobiles need to be switched off during class and laptops/tablets are only to be used for relevant (705) purposes!</td>
<td>1-6</td>
</tr>
<tr>
<td><strong>Assignments</strong></td>
<td></td>
</tr>
<tr>
<td>Further details will follow</td>
<td>1-6</td>
</tr>
<tr>
<td><strong>Research Proposal</strong></td>
<td></td>
</tr>
<tr>
<td>Further details will follow</td>
<td>1-6</td>
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</tbody>
</table>

**Inclusive learning**

Students are urged to discuss privately any impairment-related requirements face-to-face and/or in written form with the courses convenor/lecturer and/or tutor.

**Academic integrity**

The University of Auckland will not tolerate cheating, or assisting others to cheat, and views cheating in coursework as a serious academic offence. The work that a student submits for grading must be the student’s own work, reflecting his or her learning. Where work from other sources is used, it must be properly acknowledged and referenced. This requirement also applies to sources on the worldwide web. A student’s assessed work may be reviewed against electronic source material using computerised detection to provide an electronic version of their work for computerised review.

**Student feedback**

Student feedback is always welcome as this helps us improve the course.

**In the event of an unexpected disruption**

We undertake to maintain the continuity and standard of teaching and learning in all your courses throughout the year. If there are unexpected disruptions, the University has contingency plans to ensure that access to your course continues and your assessment is fair, and not compromised. Some adjustments may need to be made in emergencies, In the event of a disruption, the University and your course coordinators will make every effort to provide you with up to date information via Canvas and the University website.

**Graduate profile for**

The following six themes represent the capabilities that the Business School seeks to foster in all of its graduates. The development of these capabilities does not come all at once, but rather is expected to build from year to year. Each course is not expected to contribute to all capabilities, but each course will have its own goals and learning outcomes that relate to the overall development of this profile.