Course Outline 2018
FINANCE 705: EMPIRICAL FINANCE (15 POINTS)

Semester 1 (1183)

Goal 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.

Learning Outcomes
At the successful completion of the course, students should be able to:
1. Formulate a well-motivated research question.
2. Develop research hypotheses.
3. Select appropriate research methods to test hypotheses.
4. Write a research proposal.
5. Draw sensible inferences from results.

In addition to developing your research skills in finance, Finance 705 aims to develop generic skills as required by relevant professional bodies and the University of Auckland Business School (UABS). At the end of the course, you should be able to:

6. Demonstrate verbal, written, and interpersonal communication skills, at a level where you can communicate knowledge clearly and succinctly.

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.

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

**Location and Time**
Location and time:

- Room 319, OGGB, 1pm to 4pm Monday
- Room 323, OGGB 1pm to 4pm Wednesday

**Assessment**
The total course mark used to determine your overall grade is calculated as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>MARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignments (15 + 15)</td>
<td>30</td>
</tr>
<tr>
<td>Participation</td>
<td>10</td>
</tr>
<tr>
<td>Presentation (10 + 5 + 5)</td>
<td>20</td>
</tr>
<tr>
<td>Research Proposal</td>
<td>40</td>
</tr>
<tr>
<td><strong>Total Course Mark</strong></td>
<td>100</td>
</tr>
</tbody>
</table>

**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.

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!
Participants
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.

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.

Course Structure
This course is spread over 10 weekly research seminars.

Week 3: (12 March)  Introduction and Event Studies  Henk Berkman

Week 4: (19 March)  Long Term Event Studies  Henk Berkman

Week 5: 26 March)  More on Event Studies  Henk Berkman

Week 6: (16 April)  Research Topics  Henk Berkman

Week 7: (23 April)  Regression Models  Dimitri Margaritis
- Recommended reading: Chapters 2 - 4 of "Introductory econometrics for finance" by Chris Brooks (Cambridge University Press).
Week 8: (30 April)  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: (7 May)  Selected Papers for Group Presentations  Dimitri Margaritis


Week 10: (14 May)  Selected Papers for Group Presentations  Dimitri Margaritis


Week 11: (21 May)  Research Proposals

Week 12: (28 May)  Research Proposals  Hand In Assignment 2