Course Outline 2019
FINANCE 761: PORTFOLIO THEORY AND INVESTMENT ANALYSIS
(15 POINTS)
Semester 1 (1193)

Course prescription
This course covers contemporaneous issues in investments. It provides a critical assessment of concepts and empirical approaches to asset pricing. The main topics are listed under content outline below. This is a graduate course geared towards students who will conduct research in the form of dissertation or thesis.

Course advice
The course is based on seminars in which the students present and critically assess assigned papers. The course builds on knowledge acquired in Finance 261 and 361, and students who have not done these courses or their equivalent will find it challenging and will likely have to do considerable catch-up reading to master the course requirements.

Goals of the course
The course is designed to give students exposure to a wide range of research in the area of empirical asset pricing and prepare them for careers in the financial services industry and/or for pursuing a doctorate degree.

Learning outcomes (LO)

<table>
<thead>
<tr>
<th>#</th>
<th>Learning outcome</th>
<th>Graduate profile capability*</th>
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<tbody>
<tr>
<td>LO1</td>
<td>Understand the core principles of asset pricing</td>
<td>1. Disciplinary knowledge and practice</td>
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<tr>
<td>LO2</td>
<td>Understand current empirical research in the area of asset pricing</td>
<td>1. Disciplinary knowledge and practice</td>
</tr>
<tr>
<td>LO3</td>
<td>Critically evaluate claims of successful investment strategies</td>
<td>2. Critical thinking</td>
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</table>
# Learning outcome | Graduate profile capability*
---|---
LO4 | Come up with interesting research questions in the field of asset pricing | 3. Solution seeking
LO5 | Demonstrate verbal, written, and interpersonal communication skills, at a level where you can communicate knowledge clearly and succinctly. | 4a. Communication (Oral)
LO6 | Lead active class discussion | 4c. Engagement (Collaboration)

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

## Content outline

This course is spread over 10 weekly research seminars. The current schedule of seminars is as follows (Note: Some changes of topics and/or papers may be made):

### Week 3 (18 March)  Asset Pricing from 361 to 761  Henk Berkman

### Week 4 (25 March)  More on Asset Pricing and Anomalies  Henk Berkman
  Presenter: TBA
  Presenter: TBA

### Week 5 (1 April)  Empirical regularities  Dimitri Margaritis
  Presenter: TBA
  Presenter: TBA
  Presenter: TBA
Week 6 (8 April)  Behavioural Finance  Dimitri Margaritis

  Presenter: TBA
  Presenter: TBA
  Presenter: TBA

Week 7 (29 April)  Short-selling  Henk Berkman

  Presenter: TBA
  Presenter: TBA
  Presenter: TBA

Week 8 (6 May)  Hedge Fund Session  Dimitri Margaritis

Week 9 (13 May)  Investment Professionals  Henk Berkman

  Presenter: TBA
  Presenter: TBA
  Presenter: TBA

Week 10 (20 May)  Market Microstructure  Henk Berkman

  Presenter: TBA
  Presenter: TBA
  Presenter: TBA
Week 11 (27 May)  Dynamics of expected returns  Dimitri Margaritis

  Presenter: TBA
  Presenter: TBA
  Presenter: TBA

Week 12 (3 June)  Bond market liquidity  Dimitri Margaritis

  Presenter: TBA
  Presenter: TBA
  Presenter: TBA

Learning and teaching

The course will be primarily based on student presentations and student participation in discussions arising from the presentations

Teaching staff

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Learning resources

See content outline above
Assessment information

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

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

**Presentation**

From Week 4 onwards each student will be responsible for one individual presentation (15% of the final grade) and one group presentation (5% of the final grade) on an assigned topic. We expect you to go beyond the paper as opposed to giving a mere summary of the paper. In particular, the presenters should address questions such as: What is the importance of the paper? How does it relate to the literature in the area? (A brief overview of related papers is necessary to address this question.) What are the practical implications of the paper? Are there any unanswered questions? Can the research design be improved? Are there any ambiguities? Seminar presenters are also expected to lead active class discussion in which everyone participates. (Note reading slides or notes will discourage others from participating.) Engaging other students and keeping lively discussion going is an important factor determining presentation grades. Presenters are encouraged to see the lecturer and discuss their assigned papers well ahead of time.

**Participation**

This course relies heavily on students' participation in seminars. Learning in a seminar is an evolving process which includes outside preparation and seminar discussions. Everyone is expected to ask questions, raise issues, contribute and challenge the opinions of others. Participation grades will be determined by a combination of evident preparation, frequency and quality of participation. Participation will account for 10% of your final grade.

**Note:** Out of respect for all participants in FIN761, mobiles need to be switched off during class and laptops/tablets are not allowed!

**Assignments**

Students who do not have presentation responsibility are required to provide a critique with at least two questions for each paper. A good question helps others better understand the paper and/or leads to interesting class discussion. At least one of the questions must be brought up for discussion during the in class seminar presentation. Questions may relate to the motivation of the paper, or a specific detail of the methodology used. Alternatively you may have a query as to the relevance of the research to New Zealand or the possibility of conducting similar research using a different data set. The written questions must be handed in at the start of each session. This counts for 10% of your final grade.
You also have to write a referee report. The referee report should be no longer than three pages, one and a half spaced. The paper for the referee report will be distributed in class later on. The referee report counts for 5% of your final grade.

The remaining 15% is for an empirical assignment. The assignment will require the use of computers. We recommend that you use SAS, although any statistical programming language such as R, Matlab, EViews, Stata or Gauss will work as well. Excel may also work but it will be impractical and tedious without macro programming. Details about the empirical assignment will be announced later.

**Test**
The test is open-book and counts for 40% of your final grade.

**Pass requirements**
You must get at least 50% overall and at least 50% in the test in order to pass the course.

**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**

**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.