

## **FINS4774 Empirical Asset Pricing**

### **Course Outline Semester 1, 2017**

**Part A: Course-Specific Information**  
**Part B: Key Policies, Student Responsibilities  
and Support**

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## **PART A: COURSE-SPECIFIC INFORMATION**

### **1 STAFF CONTACT DETAILS**

Lecturer-in-charge: Dr. Chunhua Lan  
Room: BUS 308  
Phone No: 9385 5952  
Email: [c.lan@unsw.edu.au](mailto: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: Tuesday 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.

### **Business Postgraduate Coursework Program Learning Goals and Outcomes**

**1. Knowledge: Our graduates will have current disciplinary or interdisciplinary knowledge applicable in local and global contexts.**

You should be able to identify and apply current knowledge of disciplinary or interdisciplinary theory and professional practice to business in local and global environments.

**2. Critical thinking and problem solving: Our graduates will have critical thinking and problem solving skills applicable to business and management practice or issues.**

You should be able to identify, research and analyse complex issues and problems in business and/or management, and propose appropriate and well-justified solutions.

**3. Communication: Our graduates will be effective communicators in professional contexts.**

You should be able to:

- a. Produce written documents that communicate complex disciplinary ideas and information effectively for the intended audience and purpose, and
- b. Produce oral presentations that communicate complex disciplinary ideas and information effectively for the intended audience and purpose.

**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 ethical, social, cultural and environmental implications of business issues and practice.**

You should be able to:

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

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):

Program Learning Goals and Outcomes		Course Learning Outcomes	Course Assessment Item
<i>This course helps you to achieve the following learning goals for all Business undergraduate and postgraduate coursework students:</i>		<i>On successful completion of the course, you should be able to:</i>	<i>This learning outcome will be assessed in the following items:</i>
1	Knowledge	Analyse data and test hypotheses.	<ul style="list-style-type: none"> <li>• In-class discussion</li> <li>• Critique report</li> <li>• Team project</li> </ul>
2	Critical thinking and problem solving	Read and critically assess papers in the field of empirical asset pricing.  Have the ability to develop a simple empirical model and be able to collect data to test it.	<ul style="list-style-type: none"> <li>• In-class discussion</li> <li>• Critique report</li> <li>• Team project</li> </ul>
3a	Written communication	Construct written work which is logically and professionally presented.	<ul style="list-style-type: none"> <li>• Critique report</li> <li>• Team project</li> </ul>
3b	Oral communication	Communicate ideas in a succinct and clear manner.	<ul style="list-style-type: none"> <li>• In-class discussion</li> <li>• Presentation</li> </ul>
4	Teamwork	Work collaboratively to complete a task.	<ul style="list-style-type: none"> <li>• Not specifically assessed</li> </ul>

### 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

Assessment Task	Weighting	Due Date
Class participation	5%	Weeks 1-4
Class participation and practical issue presentation	10%	Weeks 3-12
Paper presentation	25%	Before Week 12 as assigned
Critique report	30%	Week 13
Team project	30%	Week 13
Total	100%	

#### **Class participation and practical issue presentation (5%+10%):**

Students will be assessed on participation in discussions in class and present a practical financial topic or issue of which you have an interest. 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. Students will be expected to present their main critiques about the assigned paper after the paper presentation. A referee report must be completed and due in week 13. Students are 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 myExperience survey is one of the ways in which student evaluative feedback is gathered. In this course, we will seek your feedback through end of semester myExperience responses.

## 7 COURSE SCHEDULE

<b>Lectures</b>	<b>Topics</b>
Week 1 28 February	<b>Overview of empirical asset pricing</b>
Week 2-3 7,14 March	<b>Factor models</b>
Week 4 21 March	<b>Conditional factor models</b>
Week 5 28 March	<b>Financial market anomalies</b>
Week 6-7 4, 11 April	<b>Fund performance</b>
Week 8-9 2, 9 May	<b>Market efficiency and institutional investors</b>
Week 10 16 May	<b>Commonality in liquidity</b>
Week 11 23 May	<b>Idiosyncratic risk</b>
Week 12 30 May	<b>Discussions of team projects</b>



## 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 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.

#### Business Undergraduate Program Learning Goals and Outcomes

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**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 will be able to:

- |   |
|---|
| <ul style="list-style-type: none"><li>a. Identify and assess ethical, environmental and/or sustainability considerations in business decision-making and practice, and</li><li>b. Identify social and cultural implications of business situations.</li></ul> |
|---|

### **Business Postgraduate Coursework Program Learning Goals and Outcomes**

**1. Knowledge: Our graduates will have current disciplinary or interdisciplinary knowledge applicable in local and global contexts.**

You should be able to identify and apply current knowledge of disciplinary or interdisciplinary theory and professional practice to business in local and global environments.

**2. Critical thinking and problem solving: Our graduates will have critical thinking and problem solving skills applicable to business and management practice or issues.**

You should be able to identify, research and analyse complex issues and problems in business and/or management, and propose appropriate and well-justified solutions.

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- b. Consider social and cultural implications of business and /or management practice.

## **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/referencing>

For the *Business School Harvard Referencing Guide*, see the [Business Referencing and Plagiarism](#) webpage (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 or in online learning 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 are made by lecturers-in-charge for all other assessment items aside from the final exam, **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.

### Business School Protocol on requests for Special Consideration for Final Exams:

The Business School Faculty panel will need to be satisfied on each of the following before supporting a request for special consideration:

1. Does the medical certificate contain all relevant information? For a medical certificate to be accepted, the degree of illness, and impact on the student, must be stated by the medical practitioner (severe, moderate, mild). A certificate without this will not be valid.
2. Has the student performed satisfactorily in the other assessment items? Satisfactory performance and attempted all other assessment items and meeting the obligation to have **attended 80% of tutorials**.
3. Does the student have a history of previous applications for special consideration? A history of previous applications may preclude a student from being granted special consideration.

### Special Consideration and the Final Exam in undergraduate and postgraduate courses:

Applications for special consideration in relation to the final exam are considered by a Business School Faculty panel to which lecturers-in-charge provide their recommendations for each request. If the Faculty panel grants a special consideration request, this will entitle the student to sit a supplementary examination. No other form of consideration will be granted. The following procedures will apply:

1. Supplementary exams will be scheduled centrally and will be held approximately two weeks after the formal examination period. The dates for Business School supplementary exams for Semester 1, 2017 are:

**Wednesday 12 July 2017** School of Banking and Finance, Management, Risk and Actuarial Studies

If a student lodges a special consideration for the final exam, they are stating they will be available on the above dates. **Supplementary exams will not be held at any other time.**

2. Where a student is granted a supplementary examination as a result of a request for special consideration, the student's original exam (if completed) will be ignored and only the mark achieved in the supplementary examination will count towards the final grade. Absence from a supplementary exam without prior notification does not entitle the student to have the original exam paper marked, and may result in a zero mark for the final exam.

The Supplementary Exam Protocol for Business School students is available at:  
<http://www.business.unsw.edu.au/suppexamprotocol>

### **Special Consideration and assessments other than the Final Exam in undergraduate and postgraduate courses:**

Special considerations in assessments other than for final exams, e.g. mid-semester exams, projects, **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) The LIC will review and decide the outcome deciding how to grant extensions and special consideration and update your application with the arrangements of the Supplementary assessment. For mid-session exams and quiz's they will be scheduled approximately 7 working days after the original assessment, which will be required to make yourself available.

## **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 offers 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 7577 or 9385 4508; Email: [edu@unsw.edu.au](mailto: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](mailto:itservicecentre@unsw.edu.au); Phone: 9385 1333.

- **UNSW Learning Centre**

[www.lc.unsw.edu.au](http://www.lc.unsw.edu.au)

Provides academic skills support services, including workshops and resources, for all UNSW students. See website for details.

- **Library services and facilities for students**

<https://www.library.unsw.edu.au/study/services-for-students>

- **IT Service Centre:**

<https://www.it.unsw.edu.au/students/index.html>

Provides technical support to troubleshoot problems with logging into websites, downloading documents, etc. Office: UNSW Library Annexe (Ground floor). Phone: 9385 1333.

- **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](mailto:counselling@unsw.edu.au)

- **Disability Support Services**

<https://student.unsw.edu.au/disability>

Provides assistance to students who are trying to manage the demands of university as well as a health condition, learning disability or have personal circumstances that are having an impact on their studies. Office: Ground Floor, John Goodsell Building; Phone: 9385 4734; Email: [disabilities@unsw.edu.au](mailto:disabilities@unsw.edu.au)