Master of Science in Finance Program (MSF) Banking and Finance Department Faculty of Commerce and Accountancy Chulalongkorn University Course Syllabus (for the 1st Half) Full-Time Program (Section 1)

1.	Course number	2604-639		
2.	Credits	3 credits		
3.	Course name	Finance Theory / ทฤษฎีการเงิน / FIN THEORY		
4.	Faculty / Department	Commerce and Accountancy / Banking and Finance		
5.	Term	1 st term		
6.	Academic year	2023		
7.	Instructor	Ruttachai Seelajaroen, Ph.D. Office: Department of Banking and Finance, 10th Flr, Mahitalatibetr Bld		
8.	Measurement method	✓ Letter grade (A, B+, B, C+, C, D+, D, F) ☐ S/U		
9.	Type of course	☑ Semester course ☐ Year course		
10.	Condition	☐ Prerequisite ☐ Co-requisite ☐ Consent of Faculty ☐ None		
11.	Status	☑ Compulsory ☐ Elective		
12.	Curriculum	Master of Science in Finance Program		
13.	Degree	Master Degree		
14.	Hours/Week	Section 1 Full-Time: Tuesday, 13:00–16:00 (3 hours)		
15. Course description				
	Brief: Investment and consumption decisions	under certainty and uncertainty; expected utility theory		
	stochastic dominance; portfolio theories; asser	t pricing theories; market efficiency; information problems		

agency problems; control-ownership separation; executive compensation; financing choices; capital structure theories; dividend policy.

Details: This subject is divided into 2 main parts. The first part deals with how individuals make investment decisions. The section part deals with corporate financial management issues. The main objective of the first part is to familiarize students with seminal works on selected topics in theoretical and empirical finance

as it relates to investment analysis. The material and structure of this course is designed to provide students with an advanced understanding of investment decision-making. The course material is heavily oriented to theoretical issues and their practical applications. The course covers the following topics: (1) investment and consumption decisions under certainty and uncertainty; (2) risk preferences; (3) expected utility theory and investment analysis; (4) the modern portfolio theory and (5) asset pricing theories.

16. Course outline

16.1 Behavioral Objectives

	Course objectives	Learning	Teaching	Evaluation	
	Course objectives	Outcome*	Approach	Approach	
	Explain how individuals make investment and consumption				
	decisions under certainty and uncertainty and apply the	1.1, 1.2		Homework, Examination	
1	expected utility theory	2.2	Lecture		
	[AACSB: Disciplinary Knowledge - Address]	3.1, 3.2, 3.3		EXAMINATION	
	[AACSB: Analytical Thinking and Problem Solving - Address]				
2	Explain stochastic dominance	1.1, 1.2	Lecture	Homework,	
	[AACSB: Disciplinary Knowledge - Address]	4.4	Lecture	Examination	
	Apply the modern portfolio theory and asset pricing	1.1, 1.2			
3	models	2.2	Lecture	Report,	
3	[AACSB: Disciplinary Knowledge - Address]	3.1, 3.2, 3.3	Lecture	Examination	
	[AACSB: Analytical Thinking and Problem Solving - Address]	4.1, 4.4			
	Analyze market efficiency, information asymmetry				
4	problems, agency problems, separation of ownership and				
4	control, and the appropriateness of executive				
	compensation				
5	Explain choices of financing sources, capital structure				
5	theories and dividend policy				

^{* 1.1} Possessing well-rounded knowledge; 1.2 Possessing in-depth knowledge; 2.2 Having awareness of etiquette; 3.1 Being able to think critically; 3.2 Being able to think creatively; 3.3 Having skills in problem solving; 4.1 Having professional skills; 4.4 Having mathematical and statistical skills

16.2 Contents (for the 1st half of the subject)

Week	DATE	TIME	TOPIC	Course Obj	Student Assignment	
1	8 Aug 23	13:00–16:00	Investment Decision under Certainty	1		
			Topics: Course overview; The economic theory of choice; Consumption and investment decision with capital markets; Corporate investment decisions References: CWS Chapters 1, and 2 (parts A–C) [AACSB: Disciplinary Knowledge - Address]			
2	15 Aug 23	13:00-16:00	Investment Decision under Uncertainty	1		
2	13 Aug 23	13.00 10.00	Topics: The nature of risk and uncertainty; Utility analysis given risk; Attitude toward risk and measures of risk aversion References: BKM Chapter 6 and CWS Chapter 3 parts A–D [AACSB: Disciplinary Knowledge - Address] [AACSB: Analytical Thinking and Problem Solving - Address]	1		
3	22 Aug 23	13:00–16:00	Stochastic Dominance Topics: Stochastic dominance and investor preference References: CWS Chapter 3 (part E) [AACSB: Disciplinary Knowledge - Address]	2	Quiz #1 (5%) Open book 20 minutes	ใช่ ipad ครื่านลัง
4 5	try malling 29 Aug 23 5 Sep 23	efficient from 13:00–16:00 13:00–16:00	The Mean-Variance Analysis and Modern Portfolio Theory Topics: Mean-variance criteria; Benefits of diversification; The efficient portfolio without and with risk-free asset; The two-fund separation theorem; The index model References: BKM Chapters 6-8 and CWS Chapter 5 [AACSB: Disciplinary Knowledge - Address]	3	Homework (5%) 1 week short question	
			[AACSB: Analytical Thinking and Problem Solving - Address]			
6	12 Sep 23	13:00–16:00	Equilibrium models for Security Price: CAPM Topics: The CAPM assumptions; Derivation of the CAPM relation; Extensions of the CAPM; Empirical tests of the CAPM References: BKM Chapter 9 and CWS Chapter 6 (parts A–K) [AACSB: Disciplinary Knowledge - Address]	3		

			[AACSB: Analytical Thinking and Problem Solving - Address]		
7	19 Sep 23	13:00–16:00	Equilibrium models for Security Price: APT Topics: The APT assumptions; The APT equilibrium conditions; Derivation of the APT relation; Empirical tests of the APT References: BKM Chapter 10 and CWS Chapter 6 L–M [AACSB: Disciplinary Knowledge - Address]	3	Quiz #2 (5%)
	30 Sep 23 (Saturday)	13:00–16:00	Mid-Term Examination		

55 multiple choices - 5 choices

16.3 Teaching Aids

Power Point

17. Course Evaluation [First half, 50%] 2 weeks Homework/In-Class Quiz (3)

- The total score for the first part of the subject is 50 points (out of 100 points). Evaluation for the first part is divided into 2 sections. First, there is 1 homework and 2 in-class quizzes (both are open-book), worth 5 points each. The second section is the mid-term exam which is worth 35 points.
- Instruction for homework and homework submission: The homework and quizzes are individual work. Students must submit the homework in a hardcopy for making. Students must do their homework/quizzes independently. Copying either partly or fully from the works of others is treated as cheating and will be penalized in accordance with Chulalongkorn University's rules.
- Grading Policy: The following list will be used as a guideline for final grading. Total scores with decimal places will be rounded to the nearest integer.

A	80% and above
B+	between 76% and 79%
В	between 70% and 75%
C+	between 65% and 69%
C	between 60% and 64%
D+	between 55% and 59%
D	between 45% and 54%
F (Fail)	45% and below

18. List of Materials

18.1 Required

Copeland, T., J. Weston and K. Shastri (2005), *Financial Theory and Corporate Policy*, 4th edition, Addison-Wesley. [CWS] **tops:** 1 - 2

Bodie, Z., A. Kane and A. Marcus (2023), *Investments*, 13th edition, McGraw-Hill. [BKM]

18.2 Optional

Brealey, R. and S. Myer (2023), <u>Principles of Corporate Finance</u>, 14th edition, McGraw-Hill. [BM]

Elton, E., M. Gruber, S. Brown and W. Goetzman (2003), <u>Modern Portfolio Theory and Investment Analysis</u>, 6th edition, Wiley.

18.3 Electronic / Web sites

19. Teaching Evaluation

- 19.1 Type of Evaluation
- 19.2 Changes made in according to previous evaluation
- 19.3 Discussion or Analysis which develops Desired Characteristics of Chulalongkorn University

20. Academic Integrity

Students are expected to be honest in all of their academic works. Copying, plagiarizing, or other forms of academic misconduct will not be tolerated. Any student caught engaging in such activities will be subject to academic discipline which ranges from a mark of zero on the assignment, quiz or examination to grade "F" from the subject. Any student assisting in such misconduct will also be subject to the same academic penalties.