Course and Examination Fact Sheet: Spring Semester 2019

8,310: Asset Pricing

ECTS credits: 4

Overview examination/s
(binding regulations see below)
Central - Written examination (70%, 90 mins.)
Decentral - Group examination paper (all given the same grades) (30%)

Attached courses
Timetable -- Language -- Lecturer
8,310,1.00 Asset Pricing -- Englisch -- Fengler Matthias

Course information

Course prerequisites
Good knowledge in mathematics and statistics.

Course content
The objective of the class is to provide an introduction into the theory and empirical aspects of asset pricing.

The course is relevant for students with interest in the economics of asset pricing. The class covers choices under uncertainty, discrete-time asset valuation, contingent claim valuation, mean variance analysis, capital asset pricing model, arbitrage pricing theory. Students learn how the various financial theories can be phrased using the notion of the stochastic discount factor and how they are empirically validated.

Course structure
1. Stochastic discount factor (SDF)
2. Some basics of utility theory
3. SDF and arbitrage free markets
4. Mean variance analysis
5. Discount factors, betas, and mv frontiers
6. The multiple time period SDF
7. Conditioning information
8. Factor pricing
9. Estimating and evaluating asset pricing models

Course literature

Core Books:

Additional references:


Somewhat elder, but still very useful books:


Additional course information

Examining information

Examining sub part/s

1. Examining sub part (1/2)

Examining time and form
Central - Written examination (70%, 90 mins.)

Remark

Examining-aid rule
Extended Closed Book
The use of aids is limited; any additional aids permitted are exhaustively listed under "Supplementary aids". Basically, the following is applicable:

- At such examinations, all the pocket calculators of the Texas Instruments TI-30 series and mono- or bilingual dictionaries (no subject-specific dictionaries) without hand-written notes are admissible. Any other pocket calculator models and any electronic dictionaries are inadmissible.
- In addition, any type of communication, as well as any electronic devices that can be programmed and are capable of communication such as notebooks, tablets, PDAs, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examining aids.

Supplementary aids

Examining languages
Question language: English
Answer language: English

2. Examining sub part (2/2)

Examining time and form
Decentral - Group examination paper (all given the same grades) (30%)

Remark
Assignments

Examining-aid rule
Term papers
- Term papers must be written without anyone else's help and in accordance with the known quotation standards, and
they must contain a declaration of authorship.

- The documentation of sources (quotations, bibliography) has to be done throughout and consistently in accordance with the APA or MLA standards. The indications of the sources of information taken over verbatim or in paraphrase (quotations) must be integrated into the text in accordance with the precepts of the applicable quotation standard, while informative and bibliographical notes must be added as footnotes (recommendations and standards can be found, for example, in METZGER, C. (2017), Lern- und Arbeitsstrategien (12th ed., Cornelsen Schweiz).
- For any work written at the HSG, the indication of the page numbers both according to the MLA and the APA standard is never optional.
- Where there are no page numbers in sources, precise references must be provided in a different way: titles of chapters or sections, section numbers, acts, scenes, verses, etc.
- For papers in law, the legal standard is recommended (by way of example, cf. FORSTMOSER, P., OGOREK R. et SCHINDLER B. (2018, Juristisches Arbeiten: Eine Anleitung für Studierende (6. Auflage), Zürich: Schulthess, or the recommendations of the Law School).

Supplementary aids
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Examination languages
Question language: English
Answer language: English

Examination content
Precise content of exam together with most relevant sources in the literature

1. Stochastic discount factor
   a. C: 1-2

2. Some basics of utility theory
   a. Utility theory -> Munk: 5, HL: 1
   b. Habit formation -> C: 21.2
   c. IES -> Lengwiler: 8.2.1-8.2.3

3. SDF and arbitrage free markets
   a. C: 3-4

4. Mean variance analysis
   a. C: 5
   b. C: 4.3 (first part)

5. Discount factors, betas, and mv frontiers
   a. C: 6-7

6. The multiple time period SDF

7. Conditioning information
   a. C: 8

8. Factor pricing
   a. C: 9
9. Estimating and evaluating asset pricing models

a. C: 10-16

Supplement

1. Inner product space

a. LeRoy, Werner: 17

**Examination relevant literature**

Lecture notes, supplements and assignments as published by 25 May 2019 on studynet.

Further literature:

**Core Books**:  

**Please note**

We would like to point out to you that this fact sheet has absolute priority over other information such as StudyNet, faculty members’ personal databases, information provided in lectures, etc. When will the fact sheets become binding?

- Information about courses and examination time (central/decentral and grading form): from the start of the bidding process on 24 January 2019
- Information about decentral examinations (examination-aid rule, examination content, examination relevant literature): after the 4th semester week on 18 March 2019
- Information about central examinations (examination-aid rule, examination content, examination relevant literature): from the start of the enrolment period for the examinations on 08 April 2019

Please look at the fact sheet once more after these deadlines have expired.