

COURSE INFORMATION

Course title:	Investment Theory and Asset Pricing		
Course code:	BAFI 511	Credits:	1.5
Session, term, period:	2020W2, Period 3	Class location:	Zoom (link below)
Section(s):	001	Class times:	Mon & Wed 2:00-4:00pm
Course duration:	Apr 26 to Jun 4, 2021	Pre-requisites:	BAFI 500 or BAFI 550
Division:	Finance	Co-requisites:	None
Program:	MBA		

INSTRUCTOR INFORMATION

Instructor:	Dr. Georgios Skoulakis		
Phone:	604-351-6762 (C)	Office location:	Zoom (link below)
Email:	georgios.skoulakis@sauder.ubc.ca	Office hours:	TBD

COURSE DESCRIPTION

The course introduces the fundamentals of asset markets and asset valuation. We will cover basics related to trading of financial securities as well as the valuation of three asset classes: stocks, bonds, and derivatives.

COURSE FORMAT

Live lectures on Zoom will be the main teaching mode of this course:

Zoom Link: <https://ubc.zoom.us/j/3281191872?pwd=dkQ5RnpHUlhoYWsrWXduNG9zbys5dz09>

Meeting ID: 328 119 1872, Passcode: 633164

Class time will be used for a combination of lectures, discussion, and solving sample problems. Attendance is expected to accomplish the learning objectives below. Lectures and discussions will assume that students have read the corresponding lecture notes and viewed short, pre-recorded video lectures in advance.

LEARNING OBJECTIVES

The main goal is to familiarize students with fundamental theoretical concepts of investments and asset pricing and their practical application. By the end of this course, students should be able to understand core issues, analyze current issues in this dynamic area of business, and communicate their findings in a clear and concise fashion.

ASSESSMENTS

Summary

<u>Component</u>	<u>Weight</u>
Problem Sets	30%
Project	20%
Final exam	50%
Total	<u>100%</u>

Details of Assessments

- The problem sets will be administered as quizzes through the Canvas course website. These assignments are to be completed without consulting anyone.
- The project will involve an empirical exercise with real data on a spreadsheet. You will work on the project in groups of up to 3 students that the instructor will assign.
- The final exam will take place during exam week.

LEARNING MATERIALS

Lecture Notes

Self-contained lecture notes will be posted on the Canvas course website before each lecture.

Textbooks (optional)

The following textbooks can supplement the lecture notes and aid your understanding of the material:

- Bodie, Kane, Marcus, Perrakis, and Ryan: Investments, 8th Canadian Edition, 2015 (BKMPR).
- Berk, DeMarzo, and Stangland: Corporate Finance, 4th Canadian Edition, 2018.
- Hillier, Grinblatt, and Titman: Financial Markets and Corporate Strategy, McGraw-Hill, 2011.
- MacDonald: Derivatives Markets, Pearson, 2012.

Practice Problem Sets

A collection of 5 practice problem sets will be provided. They are designed to help students practice with the concepts developed in class and they involve extensive work with real data on a spreadsheet. While this is optional material, students are strongly encouraged to study these practice problem sets.

COURSE-SPECIFIC POLICIES AND RESOURCES

Missed or late assignments, and regrading of assessments

Late submissions will not be accepted and will receive a grade of zero, unless an academic concession is granted.

Academic Concessions

If extenuating circumstances arise, please contact the RHL Graduate School program office as early as reasonably possible, and submit an [Academic Concession Request & Declaration Form](#) which can be found here: <https://webforms.sauder.ubc.ca/academic-concession-rhlee>. If an academic concession is granted during the course, the student will be provided options by RHL, or by the instructor in consultation with RHL, per [UBC's policy on Academic Concession](#).

Other Course Policies and Resources

Re-grading Policy

Mistakes can occasionally be made in grading. Email your instructor within one week of the receipt of the grade if you believe there is a significant mistake in the grading of your work. Explain in detail where and why you think the grading was done incorrectly. The entire assignment/exam will be re-graded, and your grade may increase or decrease as a result.

POLICIES APPLICABLE TO COURSES IN THE ROBERT H. LEE GRADUATE SCHOOL

Attendance

Excepting extenuating circumstances, students are expected to attend 100% of their scheduled class hours. Absent students limit their own academic potential, and that of their classmates, and cause unnecessary disruption to the learning environment. Students missing more than 20% of the total scheduled class hours for a course (including classes held during the add/drop period) without having received an academic concession will be withdrawn from that course. Withdrawals, depending on timing, could result in a “W” or an “F” standing on the transcript.

Punctuality

Students are expected to arrive for classes and activities on time and fully prepared to engage. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving later than halfway through a scheduled class will be treated as absent for that class.

Electronic Devices

During online lectures, students are not permitted to use any electronic devices other than the primary one used for attending the online lecture (e.g. laptop or desktop). Only Zoom should be open during the online lecture unless an instructor advises the use of another program/website for an in-class activity. Feedback from students indicates that personal devices are the number one distraction from effective learning and participation in the online learning environment.

Citation Style

Please use the American Psychological Association (APA) reference style to cite your sources.

Details of the above policies and other RHL Policies are available at:

<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=12,199,506,1625>

UNIVERSITY POLICIES AND RESOURCES

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to access support are available on the UBC Senate website at <https://senate.ubc.ca/policies-resources-support-student-success>.

Respect for Equity, Diversity, and Inclusion

The UBC Sauder School of Business strives to promote an intellectual community that is enhanced by diversity along various dimensions including status as a First Nation, Metis, Inuit, or Indigenous person, race, ethnicity, gender identity, sexual orientation, religion, political beliefs, social class, and/or disability. It is critical that students from diverse backgrounds and perspectives be valued in and well-served by their courses. Furthermore, the diversity that students bring to the classroom should be viewed

as a resource, benefit, and source of strength for your learning experience. It is expected that all students and members of our community conduct themselves with empathy and respect for others.

Academic Integrity

The academic enterprise is founded on honesty, civility, and integrity. As members of this enterprise, all students are expected to know, understand, and follow the codes of conduct regarding academic integrity. At the most basic level, this means submitting only original work done by you and acknowledging all sources of information or ideas and attributing them to others as required. This also means you should not cheat, copy, or mislead others about what is your work. Violations of academic integrity (i.e., misconduct) lead to the breakdown of the academic enterprise, and therefore serious consequences arise and harsh sanctions are imposed. For example, incidences of plagiarism or cheating may result in a mark of zero on the assignment or exam and more serious consequences may apply if the matter is referred to the President's Advisory Committee on Student Discipline. Careful records are kept in order to monitor and prevent recurrences.

Academic Freedom and Students Studying from Outside Canada

During this pandemic, the shift to online learning has greatly altered teaching and studying at UBC, including changes to health and safety considerations. Keep in mind that some UBC courses might cover topics that are censored or considered illegal by non-Canadian governments. This may include, but is not limited to, human rights, representative government, defamation, obscenity, gender or sexuality, and historical or current geopolitical controversies. If you are a student living abroad, you will be subject to the laws of your local jurisdiction, and your local authorities might limit your access to course material or take punitive action against you. UBC is strongly committed to academic freedom, but has no control over foreign authorities (please visit <http://www.calendar.ubc.ca/vancouver/index.cfm?tree=3,33,86,0> for an articulation of the values of the University conveyed in the Senate Statement on Academic Freedom). Thus, we recognize that students will have legitimate reason to exercise caution in studying certain subjects. If you have concerns regarding your personal situation, consider postponing taking a course with manifest risks, until you are back on campus or reach out to your academic advisor to find substitute courses. For further information and support, please visit: <http://academic.ubc.ca/support-resources/freedom-expression>.

COPYRIGHT

All materials of this course (course handouts, lecture slides, assessments, course readings, etc.) are the intellectual property of the instructor or licensed to be used in this course by the copyright owner. Redistribution of these materials by any means without permission of the copyright holder(s) constitutes a breach of copyright and may lead to academic discipline and could be subject to legal action. Any lecture recordings are for the sole use of the instructor and students enrolled in the class. In no case may the lecture recording or part of the recording be used by students for any other purpose, either personal or commercial. Further, audio or video recording of classes are not permitted without the prior consent of the instructor. Students may not share class Zoom links or invite others who are not registered to view sessions.

ACKNOWLEDGEMENT

UBC's Point Grey Campus is located on the traditional, ancestral, and unceded territory of the x^wməθk^wəyəm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

ONLINE TEACHING TOOL & REQUIREMENTS

This course will be taught using Zoom for synchronous classes and office hours.

To help replicate the classroom experience, make sessions more dynamic and hold each person accountable, both students and instructors are required to have their cameras on during Zoom sessions. Students who require an accommodation with regard to the “camera on” requirement must contact their instructors in advance of the first class to discuss options. As professional graduate students, students are expected to conduct themselves professionally by joining sessions on time, muting mics when not speaking, refraining from using any other technology when in-session, attending in business casual dress (at a minimum), and participating from a quiet environment. Content from synchronous sessions will be selectively recorded per instructor discretion and made available to students on Canvas for a maximum duration of the course length. This is done to allow students the opportunity to return to lecture content to solidify learnings.

COURSE SCHEDULE

(Subject to change with class consultation)

Class	Date	Topic	Readings	Assessments due
1	Apr 26	Introduction and Basic Principles	Lecture notes	
2	Apr 28	Introduction and Basic Principles	Lecture notes	
3	May 2			PS1 due 6pm
4	May 3	Portfolio Theory	Lecture notes, BKMPR chapters 4-6	
5	May 5	Portfolio Theory	Lecture notes, BKMPR chapters 4-6	
6	May 9			PS2 due 6pm
7	May 10	Capital Asset Pricing Model	Lecture notes, BKMPR chapters 7-8	
8	May 12	Capital Asset Pricing Model	Lecture notes, BKMPR chapters 7-8	
9	May 16			PS3 due 6pm
10	May 17	Fixed Income Securities	Lecture notes, BKMPR chapters 12-14	
11	May 19	Fixed Income Securities	Lecture notes, BKMPR chapters 12-14	
12	May 23			PS4 due 6pm
13	May 24	No class (Victoria Day)		
14	May 25			Project due 6pm
15	May 26	Derivatives	Lecture notes, BKMPR chapters 18-20	
16	May 28	Derivatives	Lecture notes, BKMPR chapters 18-20	
17	May 30			PS5 due 6pm