

COURSE INFORMATION

Course title:	Investment Theory and Asset Pricing		
Course code:	BAFI 511	Credits:	1.5
Session, term, period:	2021W2, Period 3	Class location:	HA 132
Section(s):	001	Class times:	Mon & Wed 2:00pm-4:00pm
Course duration:	Jan 4 to Feb 10, 2022	Pre-requisites:	BAFI 500 or BAFI 550
Division:	Finance	Co-requisites:	None
Program:	MBA		

INSTRUCTOR INFORMATION

Instructor:	Dr. Jan Bena & Dr. Georgios Skoulakis		
Phone:	604-822-8490 (JB) 604-351-6762 (GS)	Office location:	HA 875 (JB) HA 863 (GS)
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Course Description

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

COURSE FORMAT

All classes will take place in-person. 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 reviewed the corresponding lecture notes.

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, assigned weekly, will be administered as quizzes through the Canvas course website. You are expected to complete these assignments without consulting anyone.
- The project will involve an empirical exercise on a spreadsheet using real data. You will work on the project in groups of up to 3 students that the instructors 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, Switzer, Boyko, Panasian, Stapleton: Investments, 9th Canadian Edition, 2019.
- Berk, DeMarzo, and Stangeland: 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](#). 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.

COVID-19 Policies for Attendance & Academic Concessions:

If a student feels unwell, they should stay home and send a courtesy email to each impacted instructor and cc their program manager. The student should also submit an [Academic Concession Request & Declaration Form](#).

If a student suspects possible COVID-19 infection, they should use the BC Ministry of Health's [self-assessment tool](#), to help determine whether further assessment or testing for COVID-19 is recommended.

If a student is required to self-isolate (e.g., while waiting for test results), they should follow the steps above (stay home, email instructor(s) and program manager, submit an [Academic Concession Request & Declaration Form](#), and follow BC Health Guidance.

Students who are required to quarantine, should get in touch with their Program Manager to discuss the possibility of academic concessions for each impacted course. The Program Manager will work closely with your instructors to explore options for you to make up the missed learning.

COVID-19 Safety in the Classroom:

Masks: Masks are **required** for all indoor classes, as per the BC Public Health Officer orders. For our in-person meetings in this class, it is important that all of us feel as comfortable as possible engaging in class activities while sharing an indoor space. For the purposes of this order, the term "masks" refers to medical and non-medical masks that cover our noses and mouths. Masks are a primary tool to make it harder for COVID-19 to find a new host. You will need to wear a medical or non-medical mask for the duration of our class meetings, for your own protection, and the safety and comfort of everyone else in the class. You may be asked to remove your mask briefly for an ID check for an exam, but otherwise, your mask should cover your nose and mouth. Please do not eat in class. If you need to drink water/coffee/tea/etc, please keep your mask on between sips. Students who need special accommodation are asked to discuss this with the program office.

Seating in class: To reduce the risk of COVID-19 transmission, please sit in a consistent area of the classroom each day. This will minimize your contacts and will still allow for the pedagogical methods planned for this class to help your learning.

Visit the following website for the most recent updates regarding COVID-19 protocol on campus:
<https://students.ubc.ca/campus-life/returning-to-campus>

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

Devices such as laptops, tablets, and cell phones are not permitted to be used in class unless directed by the instructor for in-class activities. Students who do not follow the School's policy in this regard may be required to leave the room for the remainder of the class, so that they do not distract others. Research

shows that students' use of laptops in class has negative implications for the learning environment, including reducing their own grades and the grades of those sitting around them.

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.

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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.

COURSE SCHEDULE

(Subject to change with class consultation)

Class	Date	Topic	Readings	Assessments due
	Jan 3	No class		
1	Jan 5	Introduction and Basic Principles	Lecture Notes	
2	Jan 7	Introduction and Basic Principles	Lecture Notes	
	Jan 9			PS1 due 8pm
3	Jan 10	Portfolio Theory	Lecture Notes	
4	Jan 12	Portfolio Theory	Lecture Notes	
	Jan 16			PS2 due 8pm
5	Jan 17	Capital Asset Pricing Model	Lecture Notes	
6	Jan 19	Capital Asset Pricing Model	Lecture Notes	
	Jan 23			PS3 due 8pm
7	Jan 24	Fixed Income Securities	Lecture Notes	
8	Jan 26	Fixed Income Securities	Lecture Notes	
	Jan 30			PS4 due 8pm
9	Jan 31	Derivatives	Lecture Notes	
10	Feb 2	Derivatives	Lecture Notes	
	Feb 6			PS5 due 8pm