

COURSE INFORMATION

Course title:	Investments & Asset Pricing		
Course code:	BAFI 511	Credits:	1.5
Session, term, period:	2022 W1 (Sep-Oct 2022)	Class location:	DL 125
Section(s):	DD1 and DD2	Class times:	MW: 8-10 and 10-12
Division:	Finance	Pre-requisites:	COMM 421 or BAFI 500
Program:	Master of Management	Co-requisites:	none

INSTRUCTOR INFORMATION

Instructor:	Professor Glen Donaldson	Office Location:	HA881 and Online
Phone:	604-822-8344	Office hours:	By appointment
Email:	glen.donaldson@sauder.ubc.ca		

COURSE DESCRIPTION

This finance course deals with a range of issues in investments and asset pricing, including:

- Financial instruments including stocks, bonds, and derivative securities
- The nature of risk and return, diversification, asset allocation
- Asset pricing models including the CAPM, risk premia in investments
- Fundamentals of risk management and hedging investments
- Securitization and roles of financial institutions including banks

COURSE FORMAT

Classes consist primarily of lectures and discussions in which students are expected to participate. Students are also expected to work through applied problems both in and outside of class, keep a daily journal of independent learning and course participation throughout the course, and complete a project involving finance research and analysis. This class is intended to be live in-person and students are expected to attend live and in person; however it is possible the class may move to online at some point if university rules dictate for health or other reasons (if a move to online occurs, a Zoom link will be provided to students via Canvas notification or similar means).

LEARNING OBJECTIVES

By the end of this course, students should be able to analyze, apply and explain fundamental issues, concepts and methods in basic investments and asset pricing.

ASSESSMENTS

Quiz 1	10%
Quiz 2	10%
Quiz 3	10%
Quiz 4	10%
Participation - Journal	10%
<u>Term Project</u>	<u>50%</u>
Total	100%

LEARNING MATERIALS

Textbook - REQUIRED:

Fundamentals of Corporate Finance, Third Canadian Edition, by Jonathan Berk, Peter DeMarzo, Jarrad Harford, David Stangeland and Andras Marosi. Pearson Canada 2020.

Optional Additional Learning Resources – NOT REQUIRED but may be useful for some students:

1. MyFinanceLab (access can be acquired when purchasing the Berk textbook above) – contains practice problems, optional. MyFinanceLab Course ID: donaldson29305
2. Book regarding derivatives, optional: Fundamentals of Futures and Options Markets, 9th Edition, by John Hull, Pearson 2017. (Prior/later editions are also acceptable).

COURSE-SPECIFIC POLICIES AND RESOURCES Missed or late assignments, and regrading of assessments

Late submissions, or missed exams/quizzes, will receive a grade of zero unless academic concession is granted (see below). Requests for regrades must be submitted in writing, within 24 hours of the initial grade being posted, specifying in detail the believed grading error – if a regrade is granted the entire assignment/quiz will be regraded and the grade may rise, fall or remain unchanged as a result.

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](#).

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 [selfassessment tool](#), to help determine whether further assessment or testing for COVID-19 is recommended.

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-resourcessupport-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; nor should you help others to do the same. For example, it is prohibited to: share past assignments and answers with other students; work with other students on an assignment when an instructor has not expressly given permission; or spread information through word of mouth, social media, or other channels that subverts the fair evaluation of a class exercise, or assessment. 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

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>

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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. All lecture recordings are for the sole use of the instructor and students enrolled in the class. In no case may lecture recordings, or part of the recordings, 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 Canvas or Zoom links or invite others who are not registered to view sessions or access material.

ACKNOWLEDGEMENT

UBC's Point Grey Campus is located on the traditional, ancestral, and unceded territory of the xwməθkwəyəm (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 may be taught using Zoom for some office hours, and potentially some classes if the Health Officer or UBC so determines. For this course, you are required to use a Zoom account during such times. If you do not have a Zoom account, you can create one here: <https://zoom.us/signup>. Note: creating a Zoom account requires that you provide a first name, last name, and email address to Zoom. For privacy purposes, you may consent to using your existing email address and your real name. Alternatively, if you prefer, you may sign up using an alternative email address and an anonymized name that does not identify you (i.e. Jane Doe, jane.doe@email.com). If you have trouble creating an account, or accessing a Zoom session, please contact CLCHelp@sauder.ubc.ca. You will be required to provide the email address associated with your Zoom account in a Canvas quiz for identification purposes. Students are expected to conduct themselves professionally by joining online sessions on time, muting mics when not speaking,

refraining from using any other technology when in-session, attending in business casual attire (at a minimum), and participating from a quiet environment.

COURSE SCHEDULE (SUBJECT TO CHANGE)

Class	Topics	Readings	Assessment
Class 1 Sep 12	introduction to the course refresher on bonds, stocks, financial valuation	Ch 3, 4, 5, 6, 7	
Class 2 Sep 14	nature of risk and return in financial markets systematic risk vs idiosyncratic risk	Ch 10 Ch 10	Quiz 1: due 11:59pm Sep 18
Class 3 Sep 19	return and volatility in investment portfolios correlation, diversification, asset allocation	Ch 11 Ch 11	
Class 4 Sep 21	measuring systematic risk, beta the Capital Asset Pricing Model (CAPM)	Ch 11 Ch 11	Quiz 2: due 11:59pm Sep 25
Class 5 Sep 26	asset pricing applications in corporate finance insurance and asset pricing	Ch 12 Ch 21	
Class 6 Sep 28	hedging and forwards/futures swaps and investments	Ch 21 Ch 21	Quiz 3: due 11:59pm Oct 2
Class 7 Oct 3	options and option payoffs investment strategies	Ch 13 Ch 13	
Class 8 Oct 5	applications, pricing investment banking, securitization	Ch 13, software Hull Ch 8 /notes	Quiz 4: due 11:59pm Oct 9
Class 9 Oct 10	investment mishaps, risk and governance Thanksgiving – makeup class time/structure TBA	Hull Ch 25 /notes Berk Ch 25	
Class 9 Oct 12	multifactor asset pricing models investment research and tools	Ch 11 (appendix) Ch 1, 2	Journal – see Canvas
Final Project	research project: see Canvas for details		Project due TBA – see Canvas