PhD Capstone Course Syllabus
Advanced Topics in Asset Pricing

COURSE VENUE AND DATES
University of Sydney Business School
Module 1: August 12-13 (Saturday/Sunday)
Module 2: August 19-20 (Saturday/Sunday)
Module 3: August 26-27 (Saturday/Sunday)
Please Note: Course will start each day around 9:30 AM and finish around 5:30 PM with time for lunch and coffee breaks.

COURSE COORDINATOR
TBA

COURSE DESCRIPTION
This course will cover topics at the forefront of modern research in asset pricing. Selected topics will include the long-run risks model, habit formation, heterogeneous agents, investment-based asset pricing, and incomplete markets.

This course is designed for advanced PhD students. Students should be familiar with the basics of asset pricing and investment theory. Knowledge of statistics and econometrics at the doctoral level will also be assumed.

The course will take place over three intensive weekends in August 2017. The course will move at a face pace. It is therefore absolutely crucial that students complete all required readings prior to each weekend. Students will also be assigned problem sets related to the course material.

COURSE CONTENT
The course content will be structured as follows. Note this schedule is preliminary and subject to change.

Module 1:
- *Day 1 Morning: Long-Run Risks Model*
- *Day 1 Afternoon: Habit Formation and Rare Disasters*
- *Day 2 Morning: Production-Based Asset Pricing*
- *Day 2 Afternoon: General Equilibrium with Production*

Module 2:
- *Day 1 Morning: Models of the SDF and Bond Risk Premia*
- *Day 1 Afternoon: Market Incompleteness and Risksharing*
- *Day 2 Morning: Heterogeneous Beliefs and Short-Sale Constraints*
- *Day 2 Afternoon: Limits to Arbitrage and Intro to Behavioural Finance*

Module 3:
- *Day 1 Morning: Trading Costs and OTC Markets*
- *Day 1 Afternoon: Liquidity and Asset Prices*
- *Day 2 Morning: Asymmetric Information and Mutual Fund Flows*
- *Day 2 Afternoon: Introduction to Macro Finance*

PRE-REQUISITE KNOWLEDGE

Students should have an understanding of standard PhD level asset pricing theory. A good example of the required knowledge is the FIRN finance theory course taught by Professor Tom Smith. Previous completion of this course is highly recommended. Students should be familiar with, for example, the stochastic discount factor, Campbell-Shiller present value relations, and basic consumption-based asset pricing.

ASSESSMENT

There will be three individual assignments. These assignments will include problem sets as well a referee report on a recent research paper. Each student is expected to be an active participant in class discussions.

FIRN GRADING POLICY

A standardised grading system has been implemented across all FIRN endorsed PhD courses and applies to ALL PhD students undertaking the course. Course presenters are asked to calculate final assessment grades using a percentage basis which can then be converted to a grading of 1-7 as follows:

7	***85-100%***	***– Pass with High Distinction/H1 Honours***
6	***75-84%***	***– Pass with Distinction/H2 Honours***
5	***65-74%***	***– Pass with Credit/H3 Honours***
4	***50-64%***	***– Pass***
3	***<50%***	***– Pass at Masters Level***
2	***-***	***– Did Not Pass - all assessments not completed***
1	***-***	***– Did Not Pass – course not completed***

TEXTS AND READINGS

There is no required textbook. A very useful reference will be:

- **Asset Pricing, by John Cochrane, Revised Edition, Princeton University Press, 2005.**

A list of research papers (compulsory and supplemental) will be announced prior to each module.

STATEMENT ON PLAGIARISM

Plagiarism is a broad term referring to the practice of appropriating someone else's ideas or work and presenting them as your own without acknowledgment. Plagiarism is literary or intellectual theft. It can take a number of forms, including:

- copying the work of another student, whether that student is in the same class, from an earlier year of the same course, or from another tertiary institution altogether
- copying any section, no matter how brief, from a book, journal, article or other written source, without duly acknowledging it as a quotation
- copying any map, diagram or table of figures without duly acknowledging the source
- paraphrasing or otherwise using the ideas of another author without duly acknowledging the source.

Whatever the form, plagiarism is unacceptable both academically and professionally. By plagiarising you are both stealing the work of another person and cheating by representing it as your own. Any instances of plagiarism can therefore be expected to draw severe penalties.

Cheating means to defraud or swindle. Students who seek to gain an advantage by unfair means such as copying another student's work, or in any other way misleading a lecturer about their knowledge or ability or the amount of work they have done, are guilty of cheating. Students who condone plagiarism by allowing their work to be copied will also be subject to severe disciplinary action.