Course Content
This is a course on asset pricing and financial markets, while Econ 454 focuses on corporate finance. Mastering concepts and models as well as demonstrating knowledge of some institutional details will matter for successful completion of this class. The models are organized around three pricing principles: arbitrage pricing, present-value pricing, and general-equilibrium-asset pricing. These principles are fairly abstract and the associated models are quite mathematical.

We will cover a lot of material and this is viewed to be a challenging course. The course material is tricky and is best learned by hands-on involvement/active learning. There are two main active-learning components in this course. First, the test material is best mastered by working on analytical problems -- many of the end-of-chapter questions of the course textbook are excellent. Success on the tests essentially requires that you have selected and done the relevant end-of-chapter questions. Work in groups! Secondly, there are two major group assignments, one on portfolio optimization and the other on fundamental analysis. Computational skills are required to complete the group assignments.

Textbook
Required Textbook: The main textbook for this course is Investments, 8th Canadian Edition, by Bodie, Kane, Marcus, Perrakis and Ryan (McGraw-Hill Ryerson). You will need Bodie bundled with a feature called “Connect” because we will be working with “Smartbook assignments”. Details and features about Smartbook can be found at the following link:

http://www.mheducation.com/highered/platforms/connect/features-students.html

Weekly online assignments will be created on Connect. These assignments are only accessible through Connect. You can buy access to Connect from the publisher’s website. This will give you access to both the ebook and the Smartbook assignments. Instructions on how to register for Connect will be posted on CourseSpaces.

Grading
The final grade is determined as follows:

Two midterms 30% (15% each)
Two group Assignments 30% (15% each)
Smartbook assignments 10% [Due at 11.30pm on designated Sundays and Tuesdays]
Participation I 5% [Presence, class discussion, presentation (possibly). Details TBA]
Final examination 25% [Cumulative, date TBA by UVic record services]
Total 100%

All exams are essential course requirements, meaning, they must be attempted in order to pass the course. Both midterms will be held during the lecture time.

Group Assignments: They are designed to allow students to learn the materials in depth and prepare for the exams. They will be posted on CourseSpaces and should be submitted in the dedicated assignment drop-box in the Economics Department before their deadlines. You may discuss with other groups how to answer them. However, each group must submit your own work, independently written up.

Note: If caught copying other students' answers, the assignment will receive a grade of 0, and will be counted directly in the overall grade for the course. In addition, the standard procedures pertaining Academic Integrity will also be initiated.

Midterm: The date of the midterm exam is TBA. If you miss the midterm with a valid reason (see the departmental policy and the related medical form), the weight will be carried by the final exam. Should you miss an exam without prior approval of the instructor or appropriate medical proof, you will receive a grade of zero for that exam. Note: it is the student's responsibility to provide medical documentation in a timely manner.

Final exam: It is scheduled by the University – First Term (September) exam timetables are posted at the end of October. It is cumulative, therefore it covers the material presented in the whole course.

Grading Scale:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>A+</td>
<td>90-100</td>
</tr>
<tr>
<td>A</td>
<td>85-89</td>
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<tr>
<td>A-</td>
<td>80-84</td>
</tr>
<tr>
<td>B+</td>
<td>77-79</td>
</tr>
<tr>
<td>B</td>
<td>73-76</td>
</tr>
<tr>
<td>B-</td>
<td>70-72</td>
</tr>
<tr>
<td>C+</td>
<td>65-69</td>
</tr>
<tr>
<td>C</td>
<td>60-64</td>
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<tr>
<td>D</td>
<td>50-59</td>
</tr>
<tr>
<td>F or N</td>
<td>0-49</td>
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</tbody>
</table>

Students should review the University's more detailed summary of grading.

Course Policies
This course adheres to the Undergraduate Course Policies of the Department of Economics that deal with the following issues:
- Academic concessions
- Academic integrity (plagiarism and cheating)
- Attendance
- Grading
- Inclusivity and diversity
- Late adds
- Late assignments
- Repeating courses
- Review of an assigned grade
- Students with a disability
- Term assignments and debarment from examinations
- Travel plans
- Waitlists

The following policies are explicitly included because of their importance.

Examinations
Attendance at all scheduled examinations is mandatory. Consideration for missed examinations will be given only on the basis of documented illness, accident or family affliction, and for no other reasons. In the event of a missed final examination, students are advised to follow the procedures outlined in the University Calendar.
Students are advised not to make work or travel plans until after the examination timetable has been finalized. Students who wish to finalize their travel plans at an earlier date should book flights that depart after the end of the examination period. There will be no special accommodation if travel plans conflict with the examination.

**English Language Skills** English is the language of instruction at the University of Victoria; your enrollment is taken to imply that you are functionally literate. All written work must use complete sentences and be organized in a logical, coherent manner. The mark you receive will be determined by the quality of your written response as well as by the content of your answer.

Dictionaries (both paper and electronic) are not permitted in examinations. It is not practical during exams with large classes for invigilators to check dictionaries to ensure that extraneous information has not been entered.

**Headgear** Caps and hats that interfere with eye contact should not be worn during exams.

**Beverage and Washroom Policies** Please do not bring beverages other than water to an exam. Containers should plain, with any labels removed. It should not be necessary to use the washroom during a midterm exam, so avoid consuming diuretics such as coffee and pop immediately prior. If a medical condition necessitates frequent washroom use, this can be accommodated through the Resource Centre for Students with a disability.

**Supplemental, Deferred, and Makeup Exams** Supplemental exams are not given in this course. Deferred final exams are given only on the granting of a formal university academic concession, normally only for documented medical reasons; deferred exams are normally given in July. Similarly, a makeup midterm exam normally requires documentation of an incapacitating medical condition. Be aware that the University of Victoria does not schedule its affairs around students’ outside commitments, including work schedules, travel plans, sports activities, and care for family members. It is the student’s responsibility to ensure that outside commitments do not interfere with course obligations. See below for an explanation of the medical documentation required for an academic concession.

**Waitlist Policies**
- Instructors have no discretion to admit waitlisted students or raise the cap on the course.
- Students on the waitlist should discuss with the instructor how to ensure they are not behind with coursework in the event they are admitted.
- Registered students who do not show up in the first seven calendar days from the start of the course may be dropped from the course.
- Registered students who decide not to take the course are responsible for dropping the course, and are urged to do so promptly out of courtesy toward waitlisted students.
- Waitlist offers cease after the last date for adding courses irrespective of published waitlists.

**Academic Integrity**
Academic integrity requires commitment to the values of honesty, trust, fairness, respect, and responsibility. Students are expected to observe the same standards of scholarly integrity as their academic and professional counterparts. A student who is found to have engaged in unethical academic behaviour, including the practices described in the **Policy on Academic Integrity** in the University Calendar, is subject to penalty by the University.

Review [What Is Plagiarism](#) for the definition of plagiarism. Note: Submitted work may be checked using plagiarism detection software.

**University Policy on Human Rights, Equity and Fairness**
The University is committed to promoting, providing and protecting a positive, supportive and safe learning and working environment for all its members.

See [General University Policies](#)

**Accessibility**
Students with diverse learning styles and needs are welcome in this course. In particular, if you have a disability/health consideration that may require accommodations, you are free to approach me; however, you must register with the Resource Centre for Students with a Disability (RCSD) for formal arrangements to be made. The RCSD staff are available by appointment to assess specific needs, provide referrals and arrange appropriate accommodations. The sooner you let us know your needs the quicker we can assist you in achieving your learning goals in this course.

**CourseSpaces**
- CourseSpaces is used extensively for the course. All students are expected to be fully functional with the system.
- The lecture notes will be posted in CourseSpaces. Please note that the lecture notes online are only outlines of the actual lectures.
- All announcements will be posted in CourseSpaces. Students are advised to check it frequently.

**Course Experience Survey (CES)**
I value your feedback on this course. Towards the end of term, you will have the opportunity to complete a confidential course experience survey (CES) regarding your learning experience. The survey is vital to providing feedback to me regarding the course and my teaching, as well as to help the department improve the overall program for students in the future.

When it is time for you to complete the survey, you will receive an email inviting you to do so. If you do not receive an email invitation, you can go directly to the CES log-in. You will use your UVic NetLink ID to access the survey, which can be completed on your laptop, tablet or mobile device. I will remind you nearer the time, but please be thinking about this important activity, especially the following three questions, during the course.

- What strengths did your instructor demonstrate that helped you learn in this course?
- Please provide specific suggestions as to how the instructor could have helped you learn more effectively.
- Please provide specific suggestions as to how this course could be improved.

**Repeating Courses**
Be aware of the policy regarding the repeating of courses; see University Calendar.

In order to request permission to attempt this course for the third time, you must follow the instructions provided under the Repeating Courses policy on the Economics website.

Failure to obtain permission will result in deregistration from the course.

**Course Schedule**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Chapter</th>
<th>Week</th>
<th>Due Dates and Exam Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1-3</td>
<td>1-2</td>
<td></td>
</tr>
<tr>
<td>General equilibrium asset pricing</td>
<td>4-8</td>
<td>3-6</td>
<td>Midterm 1</td>
</tr>
<tr>
<td>Market Efficiency</td>
<td>9</td>
<td>7</td>
<td>Assignment 1 due</td>
</tr>
<tr>
<td>Present value Pricing, common stock valuation</td>
<td>15-16</td>
<td>8-9</td>
<td></td>
</tr>
<tr>
<td>Pricing of fixed-income securities</td>
<td>12-14</td>
<td>10-12</td>
<td>Midterm 2</td>
</tr>
<tr>
<td>Derivatives pricing</td>
<td>18-19</td>
<td>13</td>
<td>Assignment 2 due</td>
</tr>
</tbody>
</table>

**E-mail correspondence**
Emails should be limited to critical matters, such as inability to attend class, an exam, or prolonged illness, and should include the course name and number in the subject line. Questions on course material should be asked during office hours or in class. The standard format for writing a letter must be used. This means it should begin
with a salutation (e.g. Dear….), include full sentences and it must conclude with a signature that includes your full name and V#. Text message lingo should not be used.

It is best to send emails from your @uvic.ca address. Emails from non-UVic addresses are sometimes misidentified as spam by the university’s spam filters.

Classroom Etiquette (or: R-E-S-P-E-C-T, find out what it means to me) You will find that it is my normal practice to begin class promptly on the half-hour and lecture for the full 50 minute class period. Students are expected to make whatever arrangements may be necessary in their private lives to ensure that they are seated in class prior to the beginning of lecture. It is not acceptable to disturb the class by habitually arriving late.

If you have a question about the lecture material that you have not had time to raise during a lecture, please do not attempt to raise it with me individually at the end of class. There are only 10 minutes between classes and I am obliged to clear the room promptly out of consideration to the incoming instructor. Instead make a note of your question and raise it at the beginning of the next class, when I will typically invite questions. My favourite way to introduce a new lecture is by responding to questions about the previous one. Or, of course, you can raise it with me during my office hours.

For the same reason, there is no point attempting to discuss personal matters such as illness accommodation in class. See me during my office hours.

Please come to class prepared to remain in attendance for the entire class period. It is not appropriate to come and go from the classroom at leisure in the course of a lecture. If unusual circumstances require you to leave class early, please sit near the door and depart as inconspicuously as possible. Once you have left the classroom, do not return that day.

In general, observe the Scholastic Golden Rule: Do not disturb or distract your fellow students or the instructor. Specifically, do not chit-chat with your neighbours or consume food or beverages. It would also be appreciated if you would not wear headgear that interferes with eye contact.

Laptops and tablets are to be in use only for class-related purposes, i.e. notetaking or ebook usage. You will find that virtually everything we do in class involves some combination of diagrams and mathematical notation, so useful electronic notetaking will almost certainly require a stylus. You may find you are better off taking paper notes.

Under no circumstances are other electronic devices such as cellphones and music players to be in evidence. Please put these away prior to entering the classroom and do not take them out again until you have left. Never text during class or leave class to take a phone call.

Let good manners, civility, and mutual respect guide your behaviour.