

MASTER OF SCIENCE IN WEALTH MANAGEMENT

MAÎTRISE UNIVERSITAIRE EN GESTION DE PATRIMOINE

ASSET PRICING (S413057)

Prof. Ines CHAIEB

6 ECTS

Semester: Autumn

Teaching language: English

Objective

The course introduces basic concepts of financial economics and financial asset pricing theory such as state preference theory, portfolio selection, no-arbitrage pricing, Arrow-Debreu Pricing, martingale measure. It specifically deals with distinction between the equilibrium and the arbitrage perspectives on valuation and pricing.

Description

The course first deals with decisions making in risky situations and how to measure risk and risk aversion. It then introduces basic concepts of financial asset pricing theory. It covers the Capital Asset Pricing Model, Arrow-Debreu Pricing, the Consumption Capital Asset Pricing Model (CCAPM), the Martingale measure, the Arbitrage pricing theory (APT). The course will also deal with portfolio management in the long run. The exercise sessions are compulsory and are part of the course.

Bibliography

Jean-Pierre Danthine and John B. Donaldson. Intermediate Financial Theory. Second Edition. Elsevier Publishing, 2005 (ISBN 10: 0-12-369380-2)

Courses recommended

Microeconomics, Statistics, Mathematics

Assessment

Written exam

Assessment will be based on: 30% Midterm exam 10% Group Assignments. 60% Final exam.