EF8083: EMPIRICAL ASSET PRICING

Effective Term
Semester A 2025/26

Part I Course Overview

Course Title
Empirical Asset Pricing

Subject Code
EF - Economics and Finance

Course Number
8083

Academic Unit
Economics and Finance (EF)

College/School
College of Business (CB)

Course Duration
One Semester

Credit Units
3

Level
R8 - Research Degree

Medium of Instruction
English

Medium of Assessment
English

Prerequisites
Nil

Precursors
Nil

Equivalent Courses
Nil

Exclusive Courses
Nil

Part II Course Details

Abstract
This course aims to introduce students to various areas of empirical asset pricing and to hone their skills in developing research questions and methodologies, and evaluating and interpreting empirical research findings in asset pricing area.

It also teaches a basic skill of literature search that will be conducted through hands-on practice throughout the course. This course will fully utilize the best expertise of the faculty of this department. Upon completing the course, students are equipped to evaluate and assess the existing research literature and to discover and identify important academic issues to tackle, often with the help of literature search in vast e-resources. The whole training focuses on the discovery and innovative process that is the nature of rigorous academic research.

Course Intended Learning Outcomes (CILOs)

	CILOs	Weighting (if app.)	DEC-A1	DEC-A2	DEC-A3
1	Discuss the various areas of empirical asset pricing research.	40	x	x	x
2	Demonstrate skills in developing research questions and methodologies, and evaluating and interpreting empirical research findings in asset pricing area, and increase their ability to discover and identify new research topics.	40	x	x	x
3	Apply literature search through hands-on practice.	20	x	x	x

A1: Attitude
Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

A2: Ability
Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to real-life problems.

A3: Accomplishments
Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

Learning and Teaching Activities (LTAs)

	LTAs	Brief Description	CILO No.	Hours/week (if applicable)
1	Lectures	Students will engage in lecture and to think critically and logically by responding to questions and solving the problems.	1, 2, 3	
2	Intensive In-class Discussions	Students will engage in class discussions to enhance communication skills, critical thinking and develop creative and innovative abilities.	1, 2, 3	

Assessment Tasks / Activities (ATs)

	ATs	CILO No.	Weighting (%)	Remarks ("-" for nil entry)	Allow Use of GenAI?
1	One short project involving data processing	1, 2, 3	50	-	Yes

2	Literature review report in a specific area	1, 2, 3	50	-	Yes

Continuous Assessment (%)

100

Examination (%)

0

Minimum Continuous Assessment Passing Requirement (%)

0

Minimum Examination Passing Requirement (%)

0

Assessment Rubrics (AR)

Assessment Task

One short project involving data processing (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Criterion

First-rate Criterion

Excellent

(A+, A, A-) Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of the subject of portfolio investment; evidence of extensive knowledge base as outlined in CILOs; very strong overall ability to discover and innovate, and very strong evidence of accomplishments of discovery.

Good

(B+, B, B-) Evidence of knowing how to apply the related concepts outlined in CILOs; strong overall ability to discover and innovate, and strong evidence of accomplishments of discovery.

Fair

(C+, C, C-) Some evidence of knowing how to apply the concepts outlined in CILOs; some ability to discover and innovate, and satisfactory evidence of accomplishments of discovery.

Marginal

(D) Marginal familiarity with the subject of portfolio investment; marginal ability to discover and innovate, and marginal evidence of accomplishments of discovery.

Failure

(F) Little evidence of familiarity with the subject of portfolio; or no show and no excuse in final exam; little evidence of ability to discover and innovate, and little evidence of accomplishments of discovery.

Assessment Task

Literature review report in a specific area (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Criterion

First-rate Criterion

Excellent

(A+, A, A-) Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of the subject of portfolio investment; evidence of extensive knowledge base as outlined in CILOs; very strong overall ability to discover and innovate, and very strong evidence of accomplishments of discovery.

Good

(B+, B, B-) Evidence of knowing how to apply the related concepts outlined in CILOs; strong overall ability to discover and innovate, and strong evidence of accomplishments of discovery.

Fair

(C+, C, C-) Some evidence of knowing how to apply the concepts outlined in CILOs; some ability to discover and innovate, and satisfactory evidence of accomplishments of discovery.

Marginal

(D) Marginal familiarity with the subject of portfolio investment; marginal ability to discover and innovate, and marginal evidence of accomplishments of discovery.

Failure

(F) Little evidence of familiarity with the subject of portfolio; or no show and no excuse in final exam; little evidence of ability to discover and innovate, and little evidence of accomplishments of discovery.

Assessment Task

One short project involving data processing (for students admitted from Semester A 2022/23 to Summer Term 2024)

Criterion

First-rate Criterion

Excellent

(A+, A, A-) Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of the subject of portfolio investment; evidence of extensive knowledge base as outlined in CILOs; very strong overall ability to discover and innovate, and very strong evidence of accomplishments of discovery.

Good

(B+, B) Evidence of knowing how to apply the related concepts outlined in CILOs; strong overall ability to discover and innovate, and strong evidence of accomplishments of discovery.

Marginal

(B-, C+, C) Marginal familiarity with the subject of portfolio investment; marginal ability to discover and innovate, and marginal evidence of accomplishments of discovery.

Failure

(F) Little evidence of familiarity with the subject of portfolio; or no show and no excuse in final exam; little evidence of ability to discover and innovate, and little evidence of accomplishments of discovery.

Assessment Task

Literature review report in a specific area (for students admitted from Semester A 2022/23 to Summer Term 2024)

Criterion

First-rate Criterion

Excellent

(A+, A, A-) Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of the subject of portfolio investment; evidence of extensive knowledge base as outlined in CILOs; very strong overall ability to discover and innovate, and very strong evidence of accomplishments of discovery.

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Part III Other Information

Keyword Syllabus

Investor Sentiment; Time-Series Predictability of Returns; Cross-Sectional Predictability of Returns; Return Anomalies; CAPM; Multifactor Models; Market Efficiency; GMM Estimation/Test of Asset Pricing Models; Volatility; Empirical Issues in Market Microstructure.

Reading List

Compulsory Readings

	Title
1	Campbell, John, Andrew Lo, and A Craig MacKinlay (1997) The Econometrics of Financial Markets, Princeton University Press
2	Singleton, Kenneth (2006) Empirical Dynamic Asset Pricing, Princeton University Press
3	Bodie, Zvi, Alex Kane, and Alan Marcus (2013) Investments, 10ed, McGraw-Hill Education
4	Bali, Turan G, Robert Engle, Scott Murray (2016) Empirical Asset Pricing: The Cross Section of Stock Returns, John Wiley & Sons, Inc.

Additional Readings

	Title
1	Nagel, Stefan (2013) Empirical Cross-Sectional Asset Pricing, Annual Review of Financial Economics, 5, 167-199.