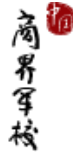




PHBS
北京大学汇丰商学院



FIN-524

Asset Valuation Theory

Module 4, 2023-2024

Course Information

Instructor: Aoxiang Yang, PhD

Office: PHBS Room 639

Email: aoxiang.yang@phbs.pku.edu.cn

Office Hours: Tuesday & Friday 12:30-14:00, or by appointment

Teaching Assistant:

TBD

Classes:

Lectures: Tuesday & Friday 10:30-12:20

Venue: TBD

Course Website:

TBD

Course Description

Course Overview:

This course introduces important fundamentals of asset and firm valuation, which is essential for financial decision-making by firms and investors. This course aims to provide students with a solid understanding of a wide range of key concepts and analytical tools. Topics include valuation principles, risk and return analysis, optimal portfolio choices, stock, bond, and derivatives valuations, cost of capital, financial statement analysis, efficient market, and market anomalies, etc. The course is broad in nature as opposed to deep, with an emphasis on theory (as the title suggests). This is a required course for students majoring in Financial Investments Class 2023, and an elective course for students in other majors.

Course Prerequisites:

There are no course prerequisites. However, students should have had certain exposure to financial economics and financial accounting at least at an undergraduate level. Students should also have had solid training in calculus, probability, and linear algebra.

Textbooks

(Main textbook): Frank Reilly and Keith Brown, “Investment Analysis and Portfolio Management”, South-Western Cengage Learning, 10th Edition.

(Secondary textbook): Fritz Koger, “Asset Valuation Theory”, Peking University Press, 1st Edition.

Learning Outcomes

Students will be able to understand the main concepts and techniques underlying valuation of various financial assets and apply those concepts and skills to their own research or career. In particular, the course is designed such that students will be able to:

- understand the key concepts and ideas underlying financial market functioning and financial asset valuation.
- learn various valuation models that are instrumental for effective financial management and decision-making.
- acquire the skills necessary to apply those concepts and tools to real-world practice.

Grading Details

The grade for the class will be determined using the following weighting:

Final Exam	70%
Problem Sets	20%
Class Attendance and Participation	10%

The course is graded on a curve. In accordance with PHBS grading policy, no more than 30% of students can receive a grade of A+, A or A-. No more than 90% can receive a grade of B or above. But 100% can receive a grade of B- or above.

Final Exam

- Final exam. Location: TBD. Time: TBD
- Final exam is closed-book.
- Please bring a scientific calculator to the final exam.
- There are no valid reasons for the absence for the final exam. If you must be absent, you need to get an approval from 114.

Problem Sets

- There will be problem sets roughly once every other week. Thus, 4-5 problem sets are expected in total.
- You are welcome to form groups at the beginning of the module. Group size will depend on the number of enrollments. TA will keep a record of group information and grade problem sets. Each group submits a solution to each problem set. You're also welcome to work individually.
- Problem sets will be posted on our course webpage. Please email your solution to the TA before the deadline.
- Final exam and problem sets are based on lecture slides and textbooks.

Class Attendance and Participation

Class attendance is required. Class participation is expected and encouraged. Most classes are lecture formats. However, the instructor might call on volunteers to answer questions. The 10% for "Class Attendance and Participation" will take both class attendance and participation into account.

Academic Integrity

It is important for a student's effort and credit to be recognized through class assessment. Credits

earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honor points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to PHBS Student Handbook.

Tentative Course Schedule

The specific topics covered during each lecture may change as the class progresses. Any significant change will be announced on the course website and/or in class. Textbook Chapter below is based on Reilly and Brown, "Investment Analysis and Portfolio Management", South-Western Cengage Learning, 10th Edition.

Week		Topic	Textbook Chapter
1	Investment background and investment theories	Introduction to asset valuation Measuring risk and return	Chapter 1
2		Market efficiency	Chapter 6 PS#1
3		Markowitz portfolio theory Efficient frontier CML, SML, CAPM	Chapter 7 Chapter 8
4		Arbitrage pricing theory Multifactor models	Chapter 9 PS#2
5	Security valuation principle and practices: by markets	Financial statement analysis	Chapter 10
6		Stock valuation	Chapter 11
7		Bond fundamentals Bond valuation	Chapter 17 Chapter 18 PS#3
8		Introduction to derivatives Derivative valuation	Chapter 20 Chapter 21-22 PS#4
9		Final review	