Class Time

The class meets twice a week. At least our first meeting will be a one-hour organizational session during which we will, inter alia, finalize the allocation of papers. When we meet regularly, we will try to have a paper presented in each session. Since we have no final exam, according to university rules we will have to meet during the time set aside for final exams for the course. We will utilize that occasion for a regular session and a retrospective view.

Course Content

This course is a rigorous treatment of selected elements of both domestic and international capital markets. I have chosen a broad range of topics to give you a sense of what is current frontier research in private, public, domestic and international markets. Each regular class session will provide an in depth treatment of a specific paper that is in the set of the most important papers in the sub-area. While you may not have a direct interest in all the topics, I hope that there are at least two topics for which you have an affinity. There are a number of supplemental papers listed in each section. I hope that if you wish to do research in the area, that these are some of the papers that you may want to address in the future.

Prerequisites:

The course is directed at second, third and fourth year students interested in finance/financial economics. Prior course work in finance and statistics at the first-year PhD level is assumed. Exceptions will be granted based on exceptional circumstances.
Course Objectives and Deliverables

Since the class is a seminar one you will be expected to present papers. I expect that each student will present at least two papers during the semester. Each week, at least one required paper will be presented in detail. Each student presented paper will be delivered by a single student over a period of at least 60 minutes. This 60 minutes period could be measured over two sessions. After each presentation session, a minimum of 10 minutes will be set aside for a group discussion of the paper presentation and questions for the presenter. Every week, students are expected to try to read all the required papers and participate in the group discussion.

The seminar will help you develop the following skills that will be critical in being able to develop a successful thesis proposal and to achieve a fruitful academic career: (a) the ability to isolate and summarize the key ideas in any paper (b) the ability to critically evaluate the strengths and weaknesses of any paper and be able to integrate these ideas into the stream of the existing literature (c) the ability to extend the good ideas in a paper so as to achieve breakthrough results and (d) the ability to present your ideas in a concise and interesting way. You should use PowerPoint, Beamer or some other specialized package for your presentations.

Assignments:
Each assignment will ask you to (a) summarize and critically evaluate a specific paper and (b) develop its logical extension, treating the matter as a possible thesis proposal. For the summary and evaluation part of the assignment, each paper summary should be no more than 6 pages, written in 11 point font. The entire report on each paper should not exceed 10 pages (sans reference section). If you include a reference section your report should not exceed 15 pages. All assignments (independent work) are due one week after you receive them. I will make exceptions for unusual situations.

Grading
Grades are based solely on assignments, class participation and in class presentations. There is no final exam. There are 3 assignments, with the first one commencing after week four. You will be given one week to complete each assignment. Class presentations will count for 40% of the final grade. Assignments will count for 40% of the final grade, with the proviso that you can exercise the option of dropping your lowest score (no questions asked). Class participation will count for 20% of the final grade.
Auditing
Auditing students are required to obtain permission from me prior to attending this class and to also formally register. Students auditing the course will present a similar number of papers as for credit students. Students are not allowed to audit without the intention of fulfilling this requirement. Auditing students are exempt from having to hand in any assignments. However, I will waive even these requirements for students who have passed their PhD proposals.

Class Schedule

Organizational Meeting (s): January 16th.

General Overview Lecture (s), January 21st-23rd.


**Topic 2. Currency Markets: Carry trade and speculation (Feb. 11<sup>th</sup>.- Feb. 25<sup>th</sup>. )**


Spring Break- March 3- March 8.

**Topic 3. Risk Premia and Returns (Mar. 11th. Mar. 18th.)**


**Topic 4. International Asset Pricing and Diversification Benefits (Mar. 18th.)**


**Topic 5. Optimal Portfolio Choice** (Mar. 25th.)


**Topic 6. Leveraged Buyouts** (April 1\textsuperscript{st}. - April 8\textsuperscript{th}.)  


**Spring Week end: April 18-19\textsuperscript{th}. (no classes)**

**Topic 7. Venture Capital and Private Equity** (Apr. 15\textsuperscript{th}. - Apr. 22\textsuperscript{nd}.)


**Topic 8. Asset Pricing, Volatility, Risk Sharing and Frictions (Apr. 22nd.)**


**Topic 9. Segmented Capital Markets, FDI and Arbitrage (April 29th.)**


Lewis, K., 1999, "Trying to Explain Home Bias in Equities and Consumption," *Journal of Economic Literature*, XXXVII, 571-608. (H)


*Review of Economic Studies*, 61, 81-108. (P)

May 3: Retrospective and evaluation

**Textbooks**

There are no required textbooks for this course, however the ones mentioned below are highly recommended for inclusion in your reference library.

(d) “Empirical Dynamic Asset Pricing: Model Specification and Econometric Assessment”,
Craig MacKinlay, Princeton University Press.

**Guide to Papers**

- Papers that are marked (P) may be presented by students. Papers not covered (and not marked) can be part of your supplemental readings.

- Papers that are marked (PP) may be covered by me.

- Papers that are marked (H) are ones of historical significance.

- Papers that are unmarked are supplemental papers or interesting papers that are too short for a full presentation session but which may be used as a take home assignment.

**Academic Integrity**
Students are advised to apprise themselves of, and adhere to the rules specified in the UNC-Charlotte code of student integrity regulations, which will be enforced.

**Diversity Statement**

*The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.*