



## COURSE DESCRIPTION

### 1. Information about the programme

1.1 Institution of higher education	<b>Alexandru Ioan Cuza University of Iasi</b>
1.2 Faculty	<b>Faculty of Economics and Business Administration</b>
1.3 Department	<b>Department of Finance, Money and Public Administration</b>
1.4 Field of study	<b>Finance</b>
1.5 Level	<b>Master</b>
1.6 Study programme/ Qualification	<b>Finance and Risk Management</b>

### 2. Information about the course

2.1 Course name	<b>Asset Pricing and Financial Markets</b>						
2.2 Course coordinator	<b>Silviu Ursu (Conf. dr.)</b>						
2.3 Seminar coordinator	<b>Silviu Ursu (Conf. dr.)</b>						
2.4 Year of study	<b>1</b>	2.5 Semester	<b>1</b>	2.6 Type of assessment	<b>E</b>	2.7 Course status	<b>C</b>

\* C – Compulsory / E - Elective

### 3. Total estimated time (hours allotted to teaching activities per semester)

3.1 Number of hours per week	<b>4</b>	of which: 3.2 lecture	<b>2</b>	3.3 seminar/lab	<b>2</b>
3.4 Number of hours in the curriculum	<b>56</b>	of which: 3.5 lecture	<b>28</b>	3.6 seminar/lab	<b>28</b>
Time distribution					hrs
Study of the textbook, coursebook, bibliography and lecture notes					<b>70</b>
Additional research in the library, online and on the field					<b>42</b>
Preparation of seminars/labs, homework, projects, portfolios and essays					<b>56</b>
Tutorials					<b>14</b>
Assessment					<b>12</b>
Other activities.....					<b>-</b>
3.7 Total number of self-study hours					<b>194</b>
3.8 Total number of hours per semester					<b>250</b>
3.9 Number of credits					<b>10</b>

### 4. Prerequisites (if applicable)

4.1 Curriculum-based	-
4.2 Competence-based	-

### 5. Conditions (if applicable)

5.1 For lectures	▪ Attendance is strongly encouraged.
5.2 For seminars / labs	▪ Attendance is strongly encouraged.



**6. Specific competencies**

<b>Professional competencies</b>	<p><b>C1.</b> Analysis of the theoretical and practical aspects of financial markets, models, instruments that are used in the management of risks.</p> <p><b>C2.</b> Adequate use of mathematical and statistical concepts, methods and techniques in assessing risks and performing independent research in finance.</p> <p><b>C3.</b> Evaluation of the main risk factors for organizations and financial systems.</p> <p><b>C4.</b> Implementing effective financial management and reporting within the business environment to ensure value creation.</p> <p><b>C5.</b> Ensuring effective and appropriate governance and management of risk within an organization, in the context of an overall ethical framework.</p>
<b>Transversal competencies</b>	<p><b>CT1.</b> Application of the professional ethical norms and values in decision-making and undertaking of complex professional tasks, independently or within a team.</p> <p><b>CT2.</b> Human resources planning within a group or organization, in the context of awareness of own responsibility for professional outcomes.</p> <p><b>CT3.</b> Assuming the need for continuous development to create prerequisites for career progression and adapt own professional and managerial competencies to the economic dynamics.</p>

**7. Course objectives** (provided by the specific competencies grid)

<b>7.1. Main objective</b>	<p>This course aims to provide students with an understanding of the theoretical and, <i>mainly</i>, practical aspects of the asset management and the pricing of assets in financial markets.</p> <p>On completion of the course, students will be familiar in considerable depth with the process of issuing, trading and valuing of financial instruments, by taking an <i>applied perspective</i> on various relevant topics, such as risk-return trade-off, diversification, interest rates, efficient markets, portfolio management, valuation and pricing of securities, options and other derivatives, and FinTech applications to investment management and asset pricing.</p>
<b>7.2. Specific objectives</b>	<p>On completion of the course, students will be able to:</p> <ul style="list-style-type: none"> <li>▪ Describe in depth the players, assets, terminology and conventions in financial markets</li> <li>▪ Explain in considerable detail various portfolio theories as well as the risk-return tradeoff, efficient market hypothesis and behavioral finance</li> <li>▪ Describe in considerable depth and use CAPM and multi-factor asset pricing models</li> <li>▪ Understand how investors analyze and value different types of equity and debt securities</li> <li>▪ Understand the pricing and valuation of forwards, futures, swaps and options</li> <li>▪ Analyze and reflect critically on the FinTech applications to empirical asset pricing</li> <li>▪ Work in teams, elaborate research papers and present own results orally</li> <li>▪ Reflect critically on own paper and papers of other groups</li> </ul>

**8. Content**

8.1	Lectures	Teaching methods	Observations (hours & readings)
1.	<b>Introduction to Financial Services Industry and Asset Pricing</b>	Interactive lecture, Brainstorming, Random calling, Ungraded quiz	4hrs: CFA, Handouts
2.	<b>Portfolio Theory and Management:</b> <ul style="list-style-type: none"> <li>▪ Risk-Return Tradeoff and Modern Portfolio Theory</li> <li>▪ Capital Asset Pricing Model and Multi-Factor Models</li> <li>▪ Efficient Security Markets</li> </ul>	Interactive lecture, Invention activities, Random calling	12hrs: PPP, CFA, Handouts





3.	<b>Pricing and Valuation of Financial Instruments:</b> <ul style="list-style-type: none"> <li>▪ Equity Investments and Fixed Income</li> <li>▪ Forwards, Futures, Swaps and Options</li> </ul>	Interactive lecture, Invention activities, Random calling	10hrs: CFA, Handouts
4.	<b>Empirical Asset Pricing and FinTech</b>	Interactive lecture, Invention activities, Random calling	2hrs: CFA, Handouts

**Bibliography****Main readings:**

- CFA Institute Investment Series' Books published by Wiley – available at <https://www.wiley.com/learn/cfashowcase/#portfolio> (CFA)
- Lo, A.W. and Foerster, S.R. (2021). *In Pursuit of the Perfect Portfolio: The Stories, Voices, and Key Insights of the Pioneers Who Shaped the Way We Invest*. Princeton University Press: <https://inpursuitofthepperfectportfolio.com/> (PPP)

**Additional readings:**

- CFA Institute Resources for Investment Professionals – available at <https://www.cfainstitute.org/en/research/foundation>
- Hillier, D., Grinblatt, M., and Titman, S. (2023). *Financial Markets and Corporate Strategy* (3<sup>rd</sup> European Edition). McGraw-Hill
- Smart, S.B., Gitman, L.J., and Joehnk, M.D. (2019). *Fundamentals of Investing* (14<sup>th</sup> Global Edition). Pearson

Cases, simulations, articles will be provided periodically throughout the course via FEAA eLearning platform, e-mail or handed-in in class.

8.2	Seminars / Labs	Teaching methods	Observations (hours & readings)
1.	<b>Introduction to Financial Services Industry and Asset Pricing</b>	Small group discussion, Brainstorming	4hrs: CFA, Handouts
2.	<b>Portfolio Theory and Management:</b> <ul style="list-style-type: none"> <li>▪ Risk-Return Tradeoff and Modern Portfolio Theory</li> <li>▪ Capital Asset Pricing Model and Multi-Factor Models</li> <li>▪ Efficient Security Markets</li> </ul>	Small group discussion, Problem sets in groups, Students small group presentations, Case Study, Simulation	12hrs: PPP, CFA, Handouts
3.	<b>Pricing and Valuation of Financial Instruments:</b> <ul style="list-style-type: none"> <li>▪ Equity Investments and Fixed Income</li> <li>▪ Forwards, Futures, Swaps and Options</li> </ul>	Small group discussion, Problem sets in groups, Simulation	10hrs: CFA, Handouts
4.	<b>Empirical Asset Pricing and FinTech</b>	Small group discussion, Case Study	2hrs: CFA, Handouts

**Bibliography****Main reading:**

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**Additional readings:**

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### 9. Corroboration of the course content with the expectations of community representatives, professional associations and representative employers from the programme's related field

This course provides students with the core knowledge, skills, and abilities that are generally accepted and applied by finance and investments professionals throughout the world. Topics are selected in accordance to the requirements of Chartered Financial Analyst (CFA) and Professional Risk Manager (PRM) world-leading certifications for finance and risk management, to offer the adequate preparation for CFA and PRM exams. The course content is correlated to that of similar courses taught at renowned universities and is continuously updated based on the feedback of students and alumni. Moreover, this is a student-centered course that follows the best practices of learning and teaching in graduate education through the adoption of a variety of active-learning instructional methods.

### 10. Assessment

Type of activity	10.1 Assessment criteria (based on the course learning objectives)	10.2 Assessment methods	10.3 Weight in final grade (%)
10.4 Lectures	<ul style="list-style-type: none"> <li>▪ Depth of description of the players, assets, terminology and conventions in financial markets.</li> <li>▪ Clarity of explanation of various portfolio theories as well as theoretical risk-return and asset pricing models</li> <li>▪ Clarity of explanation of the concept of financial market efficiency</li> </ul>	<b>Final exam</b> (multiple-choice, true-false and open questions)	<b>50%</b>
10.5 Seminar/ Labs	<ul style="list-style-type: none"> <li>▪ Originality of written papers</li> <li>▪ Quality of work in a team of students</li> <li>▪ Clarity of speech and ideas and quality of argument, introduction and conclusion in the presentation of the group papers</li> </ul>	<b>Group papers and their oral presentation</b>	<b>50%</b>
10.6 Minimum performance standard			
<ul style="list-style-type: none"> <li>▪ Demonstration of the capability to identify, analyze and interpret in considerable depth relevant theories and practical information on the process of issuing, trading and valuing of financial instruments and use theoretical models for the pricing and valuation of derivative instruments, taking the responsibility for tasks specific to the role in a team.</li> <li>▪ Correct answers provided to at least half of questions in the final written examination.</li> <li>▪ A minimum passing grade of 5, computed as <math>F = 0.5 \times G + 0.5 \times E</math>, where F – final grade, G – group coursework grades, E – final exam grade.</li> </ul>			

Date  
20.09.2023

Course Coordinator  
Conf. dr. Silviu Ursu

Seminar Coordinator  
Conf. dr. Silviu Ursu

Date of approval  
26.09.2023

Head of Department  
Prof. dr. Ovidiu STOICA

