
Objectives: This course is designed to provide students with the knowledge of factors that drive security prices and models that attempt to account for aspects of security returns, including the generic arbitrage pricing model, the capital asset pricing model (CAPM), the consumption CAPM, and the intertemporal CAPM.

Prerequisites: ECON 3050 with a grade of C- or higher, and ECON 2220 (or equivalent) with a grade of C- or higher. Students who believe they have taken a similar background course or courses from another university must provide appropriate documentation to the Department of Economics Undergraduate Administrator, Amanda Wright.

Required Textbook

Other Helpful Textbooks

Fun Reading

Course Outline
- Risk, Risk Aversion, and Expected Utility Function
  Chapters 1 and 2
- Portfolio Choice
  Chapter 3
- Financial Market Equilibrium and Efficiency
  Chapter 4
- No Arbitrage Asset Pricing
  Chapter 4
- Mean-Variance Analysis and CAPM
  Chapter 5
- Consumption-based CAPM and the Intertemporal CAPM
  Chapters 5 and 6
Grading Scheme

- The final grade will consist of the following elements weighted as shown:
  1. Two in-class midterm exams 20%, 30%, respectively
  2. Final exam 50%

- Both midterm and final exams are closed book examinations.
- The first midterm examination will be held after finishing Lecture 4.
- The second midterm examination will be held after finishing Lecture 7.
- There will be no deferred mid-term exams. If you miss a midterm exam due to an emergency or illness and provide proper documentation (Please give me the original copy in person!), the assigned weight will be added to the final exam. Otherwise you will receive zero marks for it.
- A maximum of one missed midterm is permitted. As a result, a maximum weight of 80% will be given to the final examination.
- The final exam will be cumulative and cover the entirety of the course material.
- The final examination will be three hours in duration at a time and place scheduled by the University.

Practice Problems

Students are encouraged to work through as many textbook problems as possible, since these are the best way to learn the course and prepare for the exams as well. Moreover, I will provide three sets of practice problems.

Satisfactory Performance Criteria: Students must fulfil all of the preceding course requirements in order to achieve a passing grade (D- or higher). Failure to write the final examination when the student has achieved satisfactory performance during the term will result in a grade of ‘F’ until an appeal to write the deferred final exam in February 2019, if granted by the Registrar’s Office. A change of grade will be submitted when the deferred final exam has been written and the marks are available. See Academic Regulation 2.3 for the official meanings of the grades, and note that it stipulates that no course grades are final until approved by the Faculty Dean. Application to write a deferred final examination must be made at the Registrar’s Office in writing no later than three working days after the original final examination was scheduled.

cuLearn and the Carleton email system will be used extensively as a means of communication with students. Therefore, students are strongly advised to access cuLearn and check their Carleton email at regular intervals in order to check for new information. To access cuLearn and the Carleton email system, students require a MyCarletonOne account. For questions about MyCarletonOne accounts, students should access http://carleton.ca/ccs/get-started/ (and then click on either New Students or New Grad Students, as appropriate) or contact the ITS Service Desk (4th Floor, MacOdrum Library, telephone: 613-520-3700).

Plagiarism: Please be aware that plagiarism is serious offense at Carleton and should be recognized and avoided. For further information on how to do so, please see “Pammentt on Plagiarism and Paraphrasing” at www.carleton.ca/economics/courses/writing-preliminaries.

Requests for Academic Accommodation: You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:
Pregnancy obligation: Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: carleton.ca/equity/wpcontent/uploads/Student-Guide-to-Academic-Accommodation.pdf

Religious obligation: Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Academic Accommodations for Students with Disabilities: If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or pmc@carleton.ca for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with your instructor as soon as possible to ensure accommodation arrangements are made. carleton.ca/pmc

If you have any problems and questions, please do not hesitate to ask me for help.