1 Overview

This course aims to build a solid foundation in asset pricing theory for doctoral students in finance and related fields.

2 Grading

Your grades will depend on three aspects of your performance:

- Final exam: 70%
- Class discussion: 30%

3 Course Outline

The required textbook is Cochrane, 2005, Asset pricing, revision edition. The recommended textbook is Ang, 2014, Asset management: A systematic approach to factor investing. Also, I strongly recommend that you study thoroughly MBA level textbooks, such as Berk and DeMarzo’s Corporate Finance, and Bodie, Kane, and Marcus’s Investments.
3.1 Cochrane (2005, Asset Pricing)

Lecture notes:

Chapter 1. Consumption-based model and overview
Chapter 2. Applying the basic model
Chapter 3. Contingent claims markets
Chapter 4. The discount factor
Chapter 6. Relation between discount factors, betas, and mean-variance frontiers
Chapter 7. Implications of existence and equivalence theorems
Chapter 8. Conditioning information
Chapter 9. Factor pricing models
Chapter 10. GMM in explicit discount factor models
Lecture notes on Sargent and Lundquist (2012, Recursive Macroeconomic Theory, Chapter 8. Equilibrium with complete markets)

Related articles:

Constantinides, 1982, Intertemporal asset pricing with heterogeneous consumers and without demand aggregation, *Journal of Business*

3.2 Recent Developments in the Consumption CAPM


