

## Topics Course Asset Pricing

### **Outline:**

In the WS 2012/2013 we provide a topics course on asset pricing based on the book *Asset Pricing* by John H. Cochrane. Asset pricing theory states that the price of an asset can be expressed as the expectation of the payoff discounted by the *stochastic discount factor* (i.e. multiplied by the *pricing kernel*). The book of Cochrane successfully builds a unified asset pricing model -- consumption based, CAPM, multifactor, term structure, and option pricing -- distinguished only from a specification of the discount factor.

The course is intended as a reading course in that we will systematically study the book of Cochrane chapter-by-chapter. Participants shall present different chapters of the book which shall then be actively discussed by the whole class. The course accompanies an additional tutorial and supplementary class to enhance the understanding.

The course will take place twice a week starting from the first week of the winter term and ending before Christmas. This course is intended for advanced students, especially master students in the finance profile, as well as other students in their final year. There will be a short introduction to basic concepts of asset pricing in the first week.

### **Instructor:**

JProf. Dr. Eva Lütkebohmert-Holtz and Dr. Yajun Xiao, Research Group Financial Mathematics, Institute for Research in Economic Evolution

### **Participants:**

This course is primarily intended for students in the second year of the master program. Students in the finance profile of the IMP will have priority.

Pre-registration is required. Applications for the seminar can be sent to Dr. Yajun Xiao until July 18<sup>th</sup>, 2012 (yajun.xiao@vwl.uni-freiburg.de).

---

**Prerequisites:**

*Principles of Finance*. We also encourage participants to simultaneously take the course *Futures and Options*.

**Course Schedule:**

**The first meeting is scheduled on Friday, July 20<sup>th</sup>, at 10am.** The room is to be announced soon. The seminar will take place twice a week starting in the first week of the winter term and ending before Christmas. Exact dates and location will be announced shortly on our web page.

**ECTS (credit points):**

6 ECTS points based on the presentation performance and a 60 min. written exam in December plus participation. The course can be dropped without penalty until end of September. Thereafter withdrawal will count as a failed examination attempt!

**Main References:**

Cochrane, J.: *Asset Pricing*. Princeton University Press, 2005

**Additional Information:**

<http://www.prim.uni-freiburg.de/lehre>