ASSET PRICING AND PORTFOLIO CHOICE

TOPICS OF THE COURSE:

Asset Pricing Theory.

- Quick Review of CAPM and Multifactor models
- The stochastic discount factor (SDF)
- Mean-Variance Frontier and Beta Representations
- Relations among classical models and modern asset pricing theory via restrictions on the SDF
- SDF and Market Efficiency
- SDF and Risk Neutral Probability

Theory of Portfolio Choice.

- Mean-Variance Portfolio Theory.
- Life cycle saving and investing
- The ex post performance of optimal portfolios

READING LIST:

- Bodie Kane Marcus, *Investments*, Mc Graw Hill, International Edition
- Cochrane, John, Asset Pricing, Princeton University Press, 2000.
- Campbell, John, and Luis, Viceira, Strategic Asset Allocation, Oxford University Press, 2002.