

**Fisher College of Business
THE OHIO STATE UNIVERSITY**

**BUSFIN 8250: Advanced Asset Pricing
Autumn 2017**

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Meeting time and place: MoWe 1–2:30pm, Fisher Hall 700.
Office hours: Open door policy

1 Overview

This course provides a broad introduction to asset pricing research.

2 Grading

Your grades will depend on three aspects of your performance:

- Homework: 30%
- Class discussion and presentations: 30%
- Final exam: 40%

3 Course Outline and Readings

3.1 The Big Picture

Zhang, Lu, 2017, The investment CAPM, *European Financial Management*.

3.2 Factors

Hou, Kewei, Chen Xue, and Lu Zhang, 2015, Digesting anomalies: An investment approach, *Review of Financial Studies*.

Hou, Kewei, Chen Xue, and Lu Zhang, 2017, Replicating anomalies, working paper, The Ohio State University.

3.3 Structural Estimation

- Cochrane, John H., 1991, Production-based asset pricing and the link between stock returns and economic fluctuations, *Journal of Finance*.
- Belo, Frederico, 2010, Production-based measures of risk for asset pricing, *Journal of Monetary Economics*.
- Belo, Frederico, Chen Xue, and Lu Zhang, 2013, A supply approach to valuation, *Review of Financial Studies*.
- Liu, Laura Xiaolei, and Lu Zhang, 2014, A neoclassical interpretation of momentum, *Journal of Monetary Economics*.
- Liu, Laura Xiaolei, Toni M. Whited, and Lu Zhang, 2009, Investment-based expected stock returns, *Journal of Political Economy*.
- Merz, Monika, and Eran Yashiv, 2007, Labor and the market value of the firm, *American Economic Review*.

3.4 Quantitative Models

- Bai, Hou, Kung, Li, and Zhang, 2015, The CAPM strikes back? An investment model with disasters, working paper, The Ohio State University.
- Berk, Jonathan B, Richard C. Green and Vasant Naik, 1999, Optimal investment, growth options, and security returns, *Journal of Finance*.
- Boldrin, Michele, Larry Christiano, and Jonas Fisher, 2001, Habit persistence, asset returns, and the business cycle, *American Economic Review*.
- Carlson, Murray, Adlai Fisher, and Ronald Giammarino, 2004, Corporate investment and asset price dynamics: Implications for the cross-section of returns, *Journal of Finance*.
- Gomes, João F., Leonid Kogan, and Lu Zhang, 2003, Equilibrium cross-section of returns, *Journal of Political Economy*.
- Jermann, Urban, 1998, Asset pricing in production economies, *Journal of Monetary Economics*.
- Kaltenbrunner, Georg, and Lars A. Lochstoer, 2010, Long-run risk through consumption smoothing, *Review of Financial Studies*.
- Li, Erica X. N., Dmitry Livdan, and Lu Zhang, 2009, Anomalies, *Review of Financial Studies*.
- Livdan, Dmitry, Horacio Sapriza, and Lu Zhang, 2009, Financially constrained stock returns, *Journal of Finance*.
- Petrosky-Nadeau, Nicolas, Lu Zhang, and Lars-Alexandar Kuehn, 2015, Endogenous disasters, working paper.
- Zhang, Lu, 2005, The value premium, *Journal of Finance*.

4 Papers for In-class Presentations

To be determined