FINA 6014: Doctoral Seminar in Investments

SPRING 2020

PROFESSOR: Ian Liu, Ph.D., CFA
OFFICE: BLB358F
CLASS: Wed 2:00-4:50 BLB314
OFFICE HOURS: Wed 10:00-11:30 AM (Additional hours will be available by appointment)
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Course Objective:
In this course, we will review, learn, criticize and debate about important developments in investment research. Through the course, I hope to help you find passion in investment and research, and to discover topics in your own original investment research. When you find a passion and an interesting topic to fill the gap of literature, your term paper could evolve to become the starting point of your dissertation or publications.

“Stock return” is one of the major themes of investment research. Through this course, we hope to understand, and hopefully contribute to the understanding, of the behavior of stock return, across securities and through time.

Teaching Style and Philosophy

Before each lecture, I will pose some challenging and interesting questions for the relevant topic. You are encouraged to brainstorm and propose your own solutions, or your own approach to the solution. You are NOT encouraged to simply memorize or recycle solutions of other researchers. Then we will learn from literature how other researchers have approached the same problem. Their approaches will lend us ideas and their solutions might not be complete. Standing on their shoulders, we will add our contribution to the chain of knowledge.

I also believe it is hard to be a good researcher on investment if you don’t invest yourself. You need to have a feeling and passion of the market, which leads to curiosity, and curiosity is the natural starting point of research.
Course Description

We learn investment research from studying classic papers and recent researches in this field. Reading list will be assigned. Students are required to read the papers before we discuss each topic. Students need to write a review for the paper assigned for each topic (they are highlighted in your reading list) and present them in class. Professor will ask questions and invite discussions during lecturing. The participation in the classroom is important for the grade.

The paper review is due before we discuss the related topic each class. First part of the review is a referee report. It should include a summary of the paper, the merits of the paper and your comments. However, “reading and understanding a paper” is just half of intention. More important, you should be able to relate the paper with current issues and events in investment. So, the second part is how you can “borrow” the ideas and methodologies from the paper to address these issues. The review should be 2 to 3 pages, single space. Every student is expected to present at least three reviews in class. Active discussions and participations are required for everyone.

Exams usually are essay questions related with topics and papers we discussed. It tests your understanding of basic concepts and ideas in investment research.

Term paper is a formal research proposal, and hopefully will lead to your dissertation. Term paper is essential for this course.

Suggested book:


Grading:

- Paper review and presentations: 15% (10% for written review and 5% for presentations)
- Class participation: 5%
- Term Paper: 50%
- Midterm: 15%
- Final: 15%

Scale

- A = 90 – 100
- B = 80 – 89.9
- C = 70 – 79.9
- D = 60 – 69.9
- F = 0 – 59.9

I will try to adhere to the above grading scale but I reserve the right to deviate from it. I don’t negotiate grades. You earn them.
INCOMPLETE:
I will adhere to University policy regarding the assignment of a grade of Incomplete. Unless you are in compliance with University policy do not ask me to assign a grade of incomplete.

DISABILITY ACCOMMODATION

The University of North Texas is on record as being committed to both the spirit and letter of federal equal opportunity legislation; reference Public Law 92-112 – The Rehabilitation Act of 1973 as amended. With the passage of new federal legislation entitled Americans with Disabilities Act (ADA), pursuant to section 504 of the Rehabilitation Act, there is renewed focus on providing this population with the same opportunities enjoyed by all citizens.

As a faculty member, I am required by law to provide "reasonable accommodations" to students with disabilities, so as not to discriminate on the basis of that disability. Student responsibility primarily rests with informing faculty of their need for accommodation and in providing authorized documentation through designated administrative channels. Information regarding specific diagnostic criteria and policies for obtaining academic accommodations can be found at http://www.unt.edu/oda/apply/index.html. Also, you may visit the Office of Disability Accommodation in the University Union (room 321) or call them at (940) 565-4323.

If you need an accommodation, please contact me as soon as possible but at the latest by the second week of class.

ACADEMIC DISHONESTY

Academic dishonesty is defined in the UNT Policy on Student Standards for Academic Integrity. Any suspected case of Academic Dishonesty will be handled in accordance with the University policy and procedures. Possible academic penalties include a grade of “F” in the course. You will find the policy and procedures at http://vpaa.unt.edu/academic-integrity.htm

If I suspect that you have engaged in academic dishonesty, I will deal with the situation as outlined in the University Policy shown above. You will be allowed to remain in the class during the entire time that the academic misconduct accusation is being investigated, adjudicated, and appealed. As noted above, the maximum academic penalty that can be assessed by an instructor is an F in the course. However, university officials use the academic misconduct information to decide if other misconduct sanctions are then to be applied, and the student has separate rights to appeal those decisions, remaining in the class until all appeals are exhausted.

STUDENT PERCEPTIONS OF TEACHING (SPOT)

Student feedback is important and an essential part of participation in this course. The student evaluation of instruction is a requirement for all organized classes at UNT. The SPOT survey will be made available during weeks 13 and 14 of the long semesters to provide students with an opportunity to evaluate how this course is taught. Students will receive an email from "UNT SPOT Course Evaluations via IASystem Notification" (no-reply@iasystem.org) with the survey link. Please look for the email in your UNT email inbox. Simply click on the link and complete your survey. Once you complete the survey you will
receive a confirmation email that the survey has been submitted. For additional information, please visit the spot website at www.spot.unt.edu or email spot@unt.edu.

EAGLE CONNECT ACCOUNT

All students should activate and regularly check their EagleConnect (e-mail) account. EagleConnect is used for official communication from the University to students. Many important announcements for the University and College are sent to students via EagleConnect. For information about EagleConnect, including how to activate an account and how to have EagleConnect forwarded to another e-mail address, visit https://eagleconnect.unt.edu/

EMERGENCY EVACUATION PROCEDURES FOR BUSINESS LEADERSHIP BUILDING

• Severe Weather In the event of severe weather, all building occupants should immediately seek shelter in the designated shelter-in-place area in the building. If unable to safely move to the designated shelter-in-place area, seek shelter in a windowless interior room or hallway on the lowest floor of the building. All building occupants should take shelter in rooms 055, 070, 090, and the restrooms on the basement level or in rooms 170, 155, and restrooms 122, 182 or 183 on the first floor.

• Bomb Threat/Fire In the event of a bomb threat or fire in the building, all building occupants should immediately evacuate the building using the nearest exit. Once outside, proceed to the designated assembly area. If unable to safely move to the designated assembly area, contact one or more members of your department or unit to let them know you are safe and inform them of your whereabouts. Persons with mobility impairments who are unable to safely exit the building should move to a designated area of refuge and await assistance from emergency responders. All building occupants should immediately evacuate the building and proceed to the south side of Crumley Hall in the grassy area, west of parking lot 24.
### Schedules (Tentative)

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<th>Content</th>
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<td>Overview, major topics in investing</td>
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<td>Equity premium</td>
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<td>3</td>
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<td>Cross-sectional stock returns</td>
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<td><em>Term Paper Progress Report</em></td>
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<td>A Random walk in Research</td>
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<td><em>Term Paper Due</em></td>
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TOPICS (Tentative)

1. Overview


History of Finance: American Finance Association website

2. Equity premium


3. Cross-sectional stock returns


4. Value premium puzzle and value investing


Fama-French Data Library

Interview: Fama: Why Small and Value Stocks Outperform

5. Efficient Market Hypothesis and Behavioral Finance


6. Momentum


7. Other Anomalies


8. Earnings and Analysts’ Forecasts


Porta, Rafael La, 1996, “Expectations and the Cross-Section of Stock Returns,” the Journal of finance, 51, 1716-1742


9. Dividends, Repurchase, Capital structure and Implications for Investors


10. Profitability and stock return

