

ASSET PRICING

Course code	<i>GRAE021</i>
Course title	<i>Asset Pricing</i>
Type of course	<i>Compulsory</i>
Level of course	<i>Graduate</i>
Year of study	<i>1st</i>
Number of credits	<i>6 ECTS (36 contact hours + 2 consultation hours, 124 individual work hours)</i>
Lecturer	<i>Assoc. Prof. Dr. Silviu Ursu</i>
Prerequisites	<i>none</i>
Teaching language	<i>English</i>

THE AIM OF THE COURSE

This introductory course aims to provide you with an understanding of the theoretical and, *mainly*, practical aspects of the asset management and the pricing of assets in financial markets. We will take an ***applied perspective*** on various relevant topics, such as risk-return trade-off, diversification, interest rates, efficient markets, portfolio management, valuation and pricing of securities, options and other derivatives, and big data and AI applications to investment management and asset pricing. Topics are selected in accordance with the requirements of Chartered Financial Analyst (CFA) and Professional Risk Manager (PRM) world-leading certification for finance and risk management, so to offer the adequate preparation for CFA and PRM exams and for relevant positions in the finance industry, such as research analyst, investment analyst, or portfolio manager.

MAPPING OF COURSE LEVEL LEARNING OUTCOMES (OBJECTIVES) WITH DEGREE LEVEL LEARNING OBJECTIVES (See Annex), ASSESMENT AND TEACHING METHODS

Course level learning outcomes (objectives)	Degree level learning objectives (Number of LO)	Assessment methods	Teaching methods
CLO1. Describe in considerable depth the players, assets, terminology and conventions in financial markets	LO3.1	Final exam	Lectures, seminars
CLO2. Explain in considerable detail various portfolio theories as well as the risk-return tradeoff, efficient market hypothesis and behavioral finance	LO3.1, LO4.1, LO6.1, LO6.2	Final exam, Group work	Lectures, seminars
CLO3. Describe in considerable depth and use CAPM and multi-factor asset pricing models	LO3.1, LO4.1, LO6.1, LO6.2	Final exam, Group work	Lectures, seminars
CLO4. Understand the pricing and valuation of stocks, bonds, options and other derivatives	LO3.1, LO4.1, LO6.1, LO6.2	Final exam, Group work	Lectures, seminars
CLO5. Analyze and reflect critically on the big data and artificial intelligence applications to empirical asset pricing	LO3.1, LO4.1, LO6.1, LO6.2	Final exam, Group work	Lectures, seminars

ACADEMIC HONESTY AND INTEGRITY

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism are fully applicable and will be strictly enforced in the course. Academic dishonesty, and cheating can and will lead to a report to the ISM Committee of Ethics. With regard to remote learning, ISM remind students that they are expected to adhere and maintain the same academic honesty and integrity that they would in a classroom setting.

AI USE POLICY

All course participants must comply with the ISM University of Management and Economics Artificial Intelligence Policy. Students are expected to complete the course tasks independently. AI tools may be used only for clarification or advice, unless otherwise specified in the assignment description or by the course instructor. Students may use AI tools to enhance their understanding of the topic, identify relevant theories, and find applicable examples. AI-generated information must be cross-verified with credible sources. AI tools may also be used to improve efficiency in working with literature sources or data analysis, as well as to improve the quality of written English, including grammar and style. AI-generated content is not considered a reliable academic source and should not be cited as such. The submitted paper must be written by the students. The inclusion of AI-generated text in the final submission is not permitted. Any use of AI tools beyond the purposes specified above must be aligned with the course instructor.

Course Content

DATES	TOPIC	IN-CLASS HOURS	SUGGESTED READINGS
2026 10 14	1. Introduction to Financial Services Industry and Asset Pricing	4	[1], [2], [3], Handouts
2026 10 15/19	2. Risk-Return Tradeoff and Modern Portfolio Theory	8	[1], [2], [3], Handouts
2026 10 21	3. Capital Asset Pricing Model and Multi-Factor Models	4	[1], [2], [3], Handouts
2026 10 22/23	4. Pricing and Valuation of Financial Instruments	8	[1], [2], [3], Handouts
2026 10 26	5. Efficient Security Markets	4	[1], [2], [3], Handouts
2026 10 28/29	6. Empirical Asset Pricing, Big Data and Artificial Intelligence	8	[1], [2], [3], Handouts
		Total: 36 hours	
	CONSULTATIONS	2	
	FINAL EXAM	2	

FINAL GRADE COMPOSITION

Type of assignment	%
<i>Group Components 40%</i>	
Written Group Project	30
Presentation of Group Project	10
<i>Individual Components 60%</i>	
Quizzes	10
Final Examination	50
Total:	100

DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT

Group Project

There will be one formal group project during the course that counts towards 40% of the final grade. Each group (of up to 5 people) turns in a single copy of its work with the names of all contributing members listed and then presents it to the entire class (according to a schedule agreed during the course). The presentation should take 20 minutes and will be followed by questions and discussion.

Examinations

There will be two quizzes (during the course) and one written examination (at the end of the course) that count towards 60% of the final grade – 10% (quizzes) and 50% (final exam). Quizzes consist of multiple-choice questions only. Final examination consists of open questions and/or multiple-choice questions (both theory and quantitative) that cover the contents of the whole course. A part of the exam addresses the issues and themes raised during the peer presentations.

NB: Assessment requirements, procedures, and other important regulations may be communicated verbally during lectures. Failure to attend a lecture where such information is provided does not exempt the student from the responsibility to comply with these requirements. You must obtain at least 5.0 points (out of 10.0) for *each* assignment to be counted for the total score.

RETAKE POLICY

Students are allowed to retake the exam in order to pass. The retake covers all course material and its weight is 60% (quizzes and final exam). Group project cannot be rewritten / retaken but its evaluation (if positive) is not annulled.

REQUIRED READINGS

All necessary readings, including research papers, articles and lecture notes will be distributed in class or via eLearning.

Recommended readings/textbooks:

- [1] *In Pursuit of the Perfect Portfolio: The Stories, Voices, and Key Insights of the Pioneers Who Shaped the Way We Invest*. 2021. Andrew W. Lo and Stephen R. Foerster. Princeton University Press:
<https://inpursuitofthepperfectportfolio.com/>
- [2] CFA Institute Investment Series Products by Wiley – available at <https://www.wiley.com/en-us/shop/cfa-institute-investment-series-c-2126>
- [3] CFA Institute Resources for Investment Professionals and Publications related to Artificial Intelligence and the Future of Finance– available on the CFA Institute Research and Policy Center (RPC) site at
<https://rpc.cfainstitute.org/topics/ai-finance> (Last updated: 2026 08 19)

ADDITIONAL READINGS

Positive contributions to class are encouraged and rewarded. Consistent positive contributions will help you if you are on a grade border at the end of the course.

ANNEX

DEGREE LEVEL LEARNING OBJECTIVES

Competency goals and learning objectives for the Master of Social Science

Programmes:

Financial Economics

Competency Goal	Learning Objective
Students will demonstrate advanced disciplinary knowledge.	LO1.1. Students will demonstrate advanced discipline knowledge through the independent development of a Master's thesis, showing a deep understanding and appropriate application of theories, concepts, and methods relevant to their field of study.
Students will be digitally competent.	LO 2.1. Students will demonstrate digital agility competencies by selecting and applying appropriate tools, platforms or technologies, integrating digital insights into business decision-making, and adapting digital approaches in response to evolving project requirements and contextual changes.
Students will be critical thinkers	LO3.1. Students will be able to identify underlying assumptions, limitations of previous research; evaluate managerial solution alternatives.
Students will be independent learners	LO4.1. Students will become independent learners and develop their own comprehension of scientific theories, models, and concepts
Students will be socially responsible leaders	LO5.1. Students will be able to evaluate past and current practices in their discipline from an ethical perspective .
Students will be effective communicators	LO6.1. Students will develop and deliver a coherent oral presentation
	LO6.2. Students will develop and deliver a coherent written research paper