

**THE UNIVERSITY OF HONG KONG
FACULTY OF BUSINESS AND ECONOMICS**

**FINA3384 Special Topics in Finance:
Behavioral and Sociological Finance**

GENERAL INFORMATION	
<p>Instructor: Vince Feng</p> <p>Email:</p> <p>Office:</p> <p>Phone:</p> <p>Consultation times:</p> <p>Tutor:</p> <p>Pre-requisite(s):</p> <p>Co-requisite(s):</p> <p>Mutually exclusive:</p> <p>Course website:</p> <p>Other important details:</p>	
COURSE DESCRIPTION	
<p>This course covers current developments in finance. Possible topics include security trading and market making, venture analysis, financial contracting, investment strategies for local markets and other current issues in finance. The exact topics to be offered will be determined by the lecturer(s).</p>	
COURSE OBJECTIVES	
<p>This course will survey recent research on possible mispricing in financial markets—opportunities for excess returns—due to investor psychology or sociological constraints such as social structure or culture. The goal is to examine the main critiques of rational risk-based asset pricing from the behavioral and sociological perspectives, while also critically examining these perspectives.</p> <p>Broad themes are the practical limits of arbitrage, models of psychological behavior, social structural and cultural constraints to pricing, and predictability of security returns. Specific topics include market bubbles and crashes, value vs. growth, momentum, the money management industry, underwriting, and option pricing. Practical implications for security trading and investment strategy are explored.</p> <p>Understanding the pattern of returns on different securities requires learning facts, theories, and statistical tools. The facts include risk and return, factor and sector stratification, momentum, market frictions, and relationships between market actors. The course focuses on theories from cognitive psychology and economic sociology, although a very brief, high-level overview of risk-based and present value asset pricing models will be provided. The tools include portfolio analysis, multifactor models, and forecasting regressions.</p> <p>Students will work in groups on weekly assignments throughout the course to develop familiarity and skill with these facts, theories and tools.</p>	
FACULTY LEARNING GOALS (FLGs)	
<p>FLG1: Acquisition and internalization of knowledge of the programme discipline</p> <p>FLG2: Application and integration of knowledge</p> <p>FLG3: Inculcating professionalism</p> <p>FLG4: Developing global outlook</p> <p>FLG5: Mastering communication skills</p> <p>FLG6: Cultivating leadership</p>	
COURSE LEARNING OUTCOMES (CLOs)	
Course Learning Outcomes	Aligned Faculty Learning Goals (FLGs)
CLO1 Understand the concepts of modern financial theory and practical tools essential to portfolio management and investment decisions.	FLG1, FLG2

CLO2 Discuss the theory and practical tools through critical review of academic research and group presentations.	FLG1, 2, 3, 4, 6
CLO3 Comprehend knowledge on the various issues related to the behavioral and sociological critiques of rational risk-based asset price theory and empirical methodology as it relates to securities trading and investment strategy.	FLG 1-6

COURSE TEACHING AND LEARNING ACTIVITIES

Course Teaching and Learning Activities	Expected Study Hours	Study Load (% of study)
TLA1 Lecture	40	33.3%
TLA2 readings and assignments	80	66.7%
Total	(120-180 hours)	100%

Assessment Methods	Brief Description (Optional)	Weight	Aligned Course Learning Outcomes
Weekly Group Assignments	Weekly critical reviews of a journal article.	30%	CLO1, CLO2, CLO3
Mid-Term Group Assignment	Group case study not more than 2000 words addressing a question relating to behavioral finance.	30%	CLO1, CLO2, CLO3
Final Individual Paper	Individual paper not more than 3000 words addressing a question relating to sociological finance.	40%	CLO1, CLO2, CLO3
	Total	100%	

STANDARDS FOR ASSESSMENT

Course Grade Descriptors

Grade	Grade Definition	Description
A+, A, A-	High distinction 80%-100%	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesis
B+, B, B-	Distinction 70%-79%	Strong evidence of the ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesis
C+, C, C-	Credit pass 60%-69%	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning such as describe and apply but not at high levels of learning such as evaluate and synthesis
D	Pass 50%-59%	Evidence of basic familiarity with the subject
F	Fail <50%	Little evidence of basic familiarity with the subject

Assessment Rubrics for Each Assessment (Please provide us the details in a separate file if the space here is not enough)

COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE

Critical fact-based examination of all theories, orthodox and heterodox, will be the focal point of the course. Lectures will teach the critical method of examining a theory's hypothesis, assumptions, data, and methodology, as well as the ability to develop alternative hypotheses with the goal of constructively criticizing any theory. Student participation is vital for learning, and students are expected to participate in class by presenting their critiques of the theories discussed.

Weekly group assignments - Students will be organized into groups, with each group working on weekly assignments that will form the basis of classroom participation, as well as a mid-term case study. Starting in week 2, groups are expected to have read the materials and critically examined one journal article. Each group will present its critical review of the article. The format of the weekly critical review is a short one-page written report and group response in class, the details of which will be explained week 1.

Mid-term Group Assignment – Groups will work on a case study from behavioral finance. The question will be distributed two weeks before the mid-term assignment due date. Each group will submit a short paper of no more than 2000 words addressing a question related to the case study. The mid-term assignment is to be assessed on a group basis, with individual variation based on group feedback on the contributions of each individual member and an in-class Q&A session.

Final Individual Assignment – The take-home examination is a case study from economic sociology and will be distributed in the last class of the semester (April 26). The submission will be due by May 10 (absolute deadline – no extension will be approved). The maximum length for the take-home examination is 3000 words (including footnotes but excluding bibliography).

REQUIRED/RECOMMENDED READINGS & ONLINE MATERIALS (e.g. journals, textbooks, website addresses etc.)

Distributed materials will be made available online each week. All readings are journal articles and book chapters; hard copies will not be distributed. The lecture presentations will also be distributed electronically after each class and forms the core “textbook” for the course. Note that the lecture notes complement the readings, they do not replicate them, hence everything should be read in detail.

Optional materials are truly OPTIONAL: students should not feel compelled to read these materials. They are provided solely for advanced students who in their own free time outside the course wish to learn more about the subject matter. Some optional materials are extremely advanced, and no tutorials will be provided (they are purely for the interested student’s own reading pleasure).

MEANS/PROCESSES FOR STUDENT FEEDBACK ON COURSE

- conducting mid-term survey in addition to SETL around the end of the semester
- Online response via Moodle site
- Others: _____ (please specify)

COURSE POLICY (e.g. plagiarism, academic honesty, attendance, etc.)

1. Attendance

Attendance is required but not recorded, and is highly recommended for the student’s own self-interest as lectures explore the key focus areas of future assignments (much of which may be verbal and not written down in the lecture presentation). Moreover, you are responsible for all material covered in class, including any announcements pertaining to the class, which may not be included in other materials.

2. Plagiarism

Plagiarism and copying of copyright materials are serious offences and may lead to disciplinary actions. You should read the chapters on and "Plagiarism" and "Copyright" in the Undergraduate/Postgraduate Handbook for details. You are strongly advised to read the booklet entitled "What is Plagiarism?" which was distributed to you upon your admission into the University, a copy of which can be found at www.hku.hk/plagiarism. A booklet entitled "Plagiarism and How to Avoid it" is also available from the Main Library.

ADDITIONAL COURSE INFORMATION (e.g. e-learning platforms & materials, penalty for late assignments, etc.)

1. Grading of Weekly Group Assignments

Attendance and weekly assignments form the basis for learning the skills and materials for the class. All weekly assignments will be assessed on a group basis. The primary goal of classroom participation and weekly group assignments is to help students learn by ensuring that everyone is prepared for class and thinking critically about the material. As such, grading for weekly assignments will be focused on effort. Getting a check on the weekly group assignment is the equivalent to receiving full credit (100). Effort alone is enough to earn a check

for weekly assignments. Inadequate weekly group assignments, where effort is deemed lacking, will get a check minus (50). Assignments not turned in on time receive a zero.

2. Grading of Mid-Term and Final Assignments

The mid-term assignment and the take-home exam will be graded based on quality of analyses, accuracy of calculations, written expression and demonstrated familiarity with the subject matter. No extension will be granted for late assignments, which will receive a zero. A student must participate in weekly group assignments, the mid-term group assignment Q&A session, and final take home examination to receive an overall course assessment.

3. Non-graded Activities

Tutorial sessions will be offered to groups that require more feedback on their weekly assignments and mid-term case study. Industry practitioners may be available to meet with interested students to discuss pertinent topics in the course. On-site tours of financial market participants during office hours (e.g., underwriters and hedge funds crucial to the pricing of Initial Public Offerings) will also be organized based upon student interest. Participation in the tours is not required for the course and will not be graded, and are offered purely for the benefit of interested students.