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UNIVERSITÄT
BERN

Institut für Finanzmanagement

Prof. Dr. Philip Valta
Engelhaldestrasse 4
CH-3012 Bern

Telefon
E-Mail

+41 31 684 37 75
philip.valta@unibe.ch

Proseminar in Finance

Spring Semester 2024

Time and location:	Wednesdays, 14.15 – 17.00 ¹ , Engelhalde E8, Room 107
Dates:	20.02., 21.02., 28.02., 13.03., 08.05.
Lecturer:	Dr. Jan Pichler (jan.pichler@unibe.ch)
Course assistant:	Christian Steiner (christian.steiner@unibe.ch)
Office hours:	By appointment
Course details:	https://www.ksl.unibe.ch
Number of ECTS credits:	4

1. Course content and objectives

The goal of this course is to equip students with the tools and methods so that they can i) read and understand a scientific paper, ii) relate a paper/topic to the relevant literature iii) write their own research paper including data analysis, and iv) present their paper in front of other students.

We will start with an overview of some of the central themes and mechanisms in finance. Next, we will become familiar with different data sources, which is another crucial ingredient for successful finance research. Students will become familiar with a selection of important databases and learn how to download and use the necessary data. Students will also learn how to search for relevant academic literature. Finally, we will discuss two methods that are frequently used in finance research: the event study and the portfolio performance analysis. We will illustrate their implementation using various topics in finance, such as mergers & acquisitions, sustainable finance, or firms' payout policy. Using these foundations, students write a research paper on a topic of their own choosing (including literature review and data analysis) and present the results to other students.

2. Course organization and material

Students taking this class should have successfully completed the first year of courses (Einführungsstudium). It is also recommended that students have taken the course Valuation or some other introductory course to finance or financial economics.

I will post the lecture notes and the guidelines for writing the research paper on Ilias.

The following resources describe useful methods used in financial markets:

- Campbell, J., Lo, A., MacKinlay, A., *The Econometrics of Financial Markets*, Princeton University Press
- MacKinlay, A., 1997. Event Studies in Economics and Finance. *Journal of Economic Literature* 35, 13-39.

¹ With two exceptions, see 6. *Course Schedule* below

- Bali, T. G., R.F. Engle, and S. Murray, 2016. Empirical Asset Pricing - The Cross Section of Stock Returns, Wiley

The following data sources could be useful:

- Refinitiv Eikon and Datastream (available in the BWL and VWL library)
- CRSP and Compustat (available in the BWL and VWL library)
- SDC Platinum (available at the IFM)

3. Attendance

We expect students to be present during all in class sessions (20.02., 21.02., 28.02., 13.03., 08.05.). If you have a scheduling conflict, please let us know as soon as possible.

4. Research paper (Proseminararbeit)

Each student will be a member of a group, which will write its own independent research project on a topic related to finance. The culmination of the project will be a written paper of about 15-20 pages. Groups should consist of two students. If there is an uneven number of students, there will be one group of three students. Groups will present their projects on the last day of class.

The requirement for the project is that it should have a financial economics perspective and incorporate (some) statistical analysis. A typical project would consist of an examination of the effects of a corporate event on firm value. More generally, the following type of topics are well suited for the research project.

1. **Event Study:** An empirical study of the stock price reaction to a corporate event that affects one or several firms. The analysis will include how the valuation of the firm(s) changed after the event (i.e., how investors reacted to the event) and how the stock price reaction varies across firms. The analysis is typically statistical in nature and is motivated with some underlying theory.
2. **Portfolio Performance Analysis:** An examination of the returns to a portfolio of firms that are screened on some firm or industry characteristics. Students will decide which characteristics to employ for the screening for the inclusion of firms into the portfolio and explain the motivation for the factors chosen. The returns will be analyzed in a statistical analysis, which will include a comparison with the returns on index portfolios, controlling for risk.

Each group hands in the research paper as an electronic PDF file. The same formal requirements apply as for Bachelor theses at the Institute for Financial Management (IFM). These requirements are available in the guidelines (only in German) on Ilias. The main part of the research paper - without title, executive summary, table of contents, references, and statement of authorship - should be **10 to 15 pages** long.

Each group should hand in a **proposal** of their research paper no later than Tuesday, **March 19, 2024**, by email to jan.pichler@unibe.ch. We encourage you to hand in your proposal as soon as possible. The proposal briefly describes the main research question and motivation of the project and how the question(s) will be addressed. It also contains an outline of the research paper. The proposal is at most two pages long. Each group gets a brief, individual, feedback within one week.

On Wednesday, **May 1, 2024**, all groups must hand in the final version of their research paper. Each group will present their research project to the other students in the following week on **May 8, 2024**.

5. Evaluation

The final grade will be a weighted average of two components:

1. Research paper (70%) – as a group
 - a. Structure of the research paper
 - b. Content
 - c. Style, spelling and grammar
 - d. Formal requirements
2. Presentation (30%) – as a group and individual
 - a. Structure of the presentation
 - b. Content
 - c. Layout/design of slides (including spelling and grammar)
 - d. Presentation style (individual)
 - e. Answering of questions (individual)

6. Course schedule

Date	Content
20.02.2024	Introduction and motivation Overview of central topics in finance <ul style="list-style-type: none">- Corporate finance- Asset pricing
21.02.2024	How to write a research paper? <ul style="list-style-type: none">- How to structure a research paper?- How to find relevant literature and data?- Mandatory Reading: <i>Corporate goodness and shareholder wealth [Krüger (2015)]</i>
28.02.2024	Overview of methods used in finance research <ul style="list-style-type: none">- Event Study- Portfolio Performance Analysis
13.03.2024	Discussion of topics for research paper <ul style="list-style-type: none">- In class meeting to discuss topics and ideas
19.03.2024	Hand in proposal by 5pm <ul style="list-style-type: none">- No in class meeting
01.05.2024	Deadline to hand in final version of research paper by 5pm <ul style="list-style-type: none">- No in class meeting
08.05.2024	Presentations