

Academic Year: ( 2020 / 2021 )

Review date: 11-08-2020

Department assigned to the subject: Business Administration Department

Coordinating teacher: PEÑA SANCHEZ DE RIVERA, JUAN IGNACIO

Type: Electives ECTS Credits : 6.0

Year : Semester :

## REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Mathematics (Linear Algebra and Calculus), Statistics, Econometrics I and II, Microeconomics III, Financial Economics, Corporate Finance, Financial Systems

## OBJECTIVES

The design and management of Long-run and short-run investment strategies with special focus on the energy transition investing.

## DESCRIPTION OF CONTENTS: PROGRAMME

### PROGRAM:

#### Chapter 1. Introduction

What is this course about?

Grading

Data and Software

Project

Asset standardized description (Assignment #1)

#### Chapter 2. Investments: Assets and Strategies

Asset Classes

CFD

ETF (Assignment #2)

Investment Strategies: Passive and Active

Asset Allocation

Security Selection

Market Timing

Portfolio weights

Portfolio performance

#### Chapter 3. Green Investment Gap

Green Investment Gap (GIG)

GIG : Public sector initiatives

GIG: private markets

Road map

Sources of financing

Limitations of traditional instruments

New financial instruments for the energy transition

#### Chapter 4. Sources of financing and limitations of traditional products

Sources of financing

Return and risk: key factors

Who does what: Debt

Who does what: Equity

## Chapter 5. Green Investment Banks

### Green Investment Banks (GIB)

What they are

What they do

Risk mitigants

Transaction enablers

Key contributions

Measuring results

## Chapter 6. Green Bonds

What is a green bond?

Labeling

The market of GB

Primary market

Secondary market

Portfolios

Corporate performance of GB issuers

Other green debt instruments

## Chapter 7. Power Purchase Agreements

Why PPA?

Physical PPA

Virtual PPA (VPPA)

Cash flows VPPA

VPPA as a Financial Swap

Pricing Fixed-for-floating Swaps

Prons and cons of VPPA

Case: Cummins VPPA (Assignment #4)

## Chapter 8. Securitization and YieldCos

Securitization

Solar Securitization

Refinancing

Master Limited Partnerships (MLPs)

YieldCos structure

CAFD

Pros and Cons

A Viable model for YieldCos

## Chapter 9. Personal portfolio choice

Preliminaries

Life expectancy

Instruments

Insurance

Asset allocation

Investment funds

REITS

RoboAdvisors

## Chapter 10. Behavioral finance

Efficient Markets?  
Some experiments  
Psychology  
Biases  
Preferences  
Prospect Theory  
Limits to Arbitrage  
Bubbles  
Behavioral Investment Strategies

### LEARNING ACTIVITIES AND METHODOLOGY

Methodology:

- (1) Theory.
- (2) Cases
- (3) Computer simulations.
- (4) Exercises
- (5) Class discussion.

### ASSESSMENT SYSTEM

Grading: Project paper, Cases and exercises, Class participation.  
Cases and exercises/class participation 40%.  
Cases: groups of 4 persons  
Project: Individual 60%

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<b>% end-of-term-examination:</b>	0
<b>% of continuous assessment (assignments, laboratory, practicals...):</b>	100

### BASIC BIBLIOGRAPHY

- - COCHRANE, J.H. Asset Pricing, Princeton University Press. , 2005
- - DIMSON, E., P. MARSH, and M. STAUNTON Triumph of the Optimists: 101 Years of Global Investment Returns, Princeton University Press, 2002
- - SHEFRIN, H. Beyond Greed and Fear: Understanding Behavioral Finance, Oxford University Press. , 2002
- A. Ilmanen Expected returns, Wiley, 2011
- CAMPBELL, J. y VICEIRA, Strategic Asset Allocation, Oxford University Press, . 2002.

### ADDITIONAL BIBLIOGRAPHY

- H. Minsky Stabilizing an unstable economy, McGraw Hill, 2008
- Monnery, N. Safe as Houses?. A Historical Analysis of Property Prices. ., London Publishing., 2011