

Academic Year: (2023 / 2024)

Review date: 01-06-2023

Department assigned to the subject: Business Administration Department

Coordinating teacher: SERRANO JIMENEZ, PEDRO JOSE

Type: Compulsory ECTS Credits : 6.0

Year : 2 Semester : 2

REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Financial Mathematics

OBJECTIVES

At the end of the course students should be able to:

- Compute present and future values of cash-flow streams to compute the net present values of different real and financial investments.
- Have a basic knowledge of the functioning of financial markets and of the way in which investment decisions are made.
- Understand the risk-return tradeoff. Understand how diversification affects risk.
- Have a clear understanding of the difference between systematic and diversifiable risk and know how to measure each.
- Understand how interest rates are set and the principles of valuation of fixed income securities.
- Know the basic types of derivatives and understand why and how they are used in risk management.

DESCRIPTION OF CONTENTS: PROGRAMME

Financial Economics

- 1. Introduction to Financial Markets
- 2. Financial Mathematics
- 3. Investment Appraisal
- 4. Risk and Return
- 5. Portfolio Theory
- 6. The Capital Asset Pricing Model (CAPM)
- 7. Fixed Income Securities
- 8. Derivatives Products

Reference text books:

- Bodie Zvi, Kane Alex, Marcus Alan (2005), Essentials of Investments, McGraw Hill (Sixth Edition).
- Brealey R., S. C. Myers and F. Allen (2006), Principles of Corporate Finance, 8th edition, McGraw Hill.

Other useful books:

- Bodie, Z., Kane, A. and Marcus, A. J. (1999), Investments, McGraw Hill (Fourth Edition).
- Grinblatt, M. and S. Titman (2003), Financial Markets and Corporate Strategy, McGraw Hill.

LEARNING ACTIVITIES AND METHODOLOGY

Learning activities in year 2020/2021 str based on a bimodal system: lectures will be given on an online basis, onsite teaching when it comes to the reduced groups.

- 1.- Theory (online)- Sessions. The instructor of the course teach the basic concepts of the topic. Classnotes are provided to the students.
- 2.- Solution to exercises. The student must solve the test to assess his/her degree of knowledge of the different concepts. This part comprises the individual work of the student at home.
- 3.- Exercises - Sessions (onsite). The instructor of these sessions solves the exercise sets provided to the students.

ASSESSMENT SYSTEM

Grades will be awarded according to the following criteria

- Three exams (three exercise exams) in the classes. The average of the two best marks will be taken into account for computing the exercise part.
- The weight of the exercise part in the final mark is 40%.
- The minimum grade for passing the final exam is 4.0 out of 10.0.

Relevant information for exchange students: The date of the final exam is official and fixed by the University. This date will not be modified under any circumstance to accommodate any special situation of the student (return flights, summer internships, etc.).

Extraordinary exams:

Students who do not pass the subject in the ordinary call will have an extraordinary call to pass it:

1. If the student followed the continuous assessment: the grade will be the one established in the syllabus of the subject for the ordinary call. However, the student will have the right to be graded only with the mark obtained in the final exam if this is more favourable.
2. If the student did not follow the continuous assessment: the grade will be the grade obtained in the final exam. However, the teacher may authorise the submission of the continuous assessment exercises in the extraordinary exam session, in which case they will be assessed in the same way as in the ordinary exam session.

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| % end-of-term-examination: | 60 |
| % of continuous assessment (assignments, laboratory, practicals...): | 40 |

BASIC BIBLIOGRAPHY

- José M. Marín; Gonzalo Rubio Economía Financiera, Antoni Bosch, 2011
- Mark Grinblatt; Sheridan Titman Financial Markets and Corporate Strategy, McGraw-Hill Education ¿ Europe, 2011

ADDITIONAL BIBLIOGRAPHY

- Bodie Zvi, Kane Alex, Marcus Alan Essentials of Investments, 6th Edition, McGraw Hill, 2005
- Brealey R., S. C. Myers and F. Allen Principles of Corporate Finance, 8th Edition, McGraw Hill, 2006