

Academic Year: (2024 / 2025)

Review date: 23-04-2024

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)

- Mathematics for Economics I
- Mathematics for Economics II

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

Topic 1 Introduction: Financial Markets

Topic 2 The necessary tools: Financial Mathematics

Topic 3 The value of an investment: Introduction to NPV

Topic 4 Fixed Income Markets

Topic 5 Characterisation of Financial Assets and Portfolios: Risk and return

Topic 6 Investment management: Portfolio Theory

Topic 7 The capital asset pricing model (CAPM)

Topic 8 Derivative products

LEARNING ACTIVITIES AND METHODOLOGY

Learning activities comprise:

- 1.- Theory - 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.
- 3.- Exercises - Sessions. The instructor of these sessions solves the exercise sets provided to the students.

ASSESSMENT SYSTEM

% end-of-term-examination:	50
% of continuous assessment (assignments, laboratory, practicals...):	50

Grades will be awarded according to the following criteria

% end-of-term-examination:	50
% of continuous assessment (assignments, laboratory, practicals...):	50
-Homework, problem sets and/or group cases (20%)	
-Midterm exam (30%)	
-Final exam (50%)	

BASIC BIBLIOGRAPHY

- Brealey, Myers and Allen Principles of Corporate Finance 12/e, McGraw-Hill, 2017
- Zvi Bodie, Alex Kane, and Alan J. Marcus Essentials of Investments, 10th Edition, McGraw-Hill Irwin, 2017

ADDITIONAL BIBLIOGRAPHY

- Mark Grinblatt and Sheridan Titman Financial Markets and Corporate Strategy, McGraw-Hill, 2011
- Ross, Westerfield and Jordan Essentials of Corporate Finance, 8/e, McGraw-Hill-Irwin, 2013