

Code 102329

Credits 6

Titulació	Pla	Tipus	Curs	Semestre
2501572 Graduat en Administració i Direcció d'Empreses	950 Graduat en Administració i Direcció d'Empreses	OB	3	1
2501573 Graduat en Economia	952 Graduat en Economia	OT	0	0

**Professor de contacte**

Nom: Joan Montllor Serrats

Llengua vehicular majoritària: català (cat)

Correu electrònic: [Joan.Montllor@uab.cat](mailto:Joan.Montllor@uab.cat)**Utilització d'idiomes**

Algun grup íntegre en anglès: Sí

Algun grup íntegre en català: Sí

**Requirements:**

Standard requirements for the third course of the degree. The students registered in this subject are supposed to have the skills assigned to the previous courses.

**Goals:**

This subject introduces students in the financial foundations for the degrees to which it belongs. They will learn to think in financial terms and the similarities and differences between financial and real economic analysis.

The course is centred on the financial market distinctive features, and on value creation from the twofold perspective of markets and corporations. Topics will be studied from the perspective of the two dimensions of finance: time and risk.

**Skills:**

- Apply the theoretical finance knowledge to improve the relationships between corporations and their financial stakeholders.
- Apply the knowledge of Statistics to identify risk sources and improve risk management with specific focus on hedging strategies.
- Improve the capacity to adapt oneself to a changing environment.
- Improve oral and written communicative skills in Catalan, Spanish and English, specially the capacity to synthesise the results of their own work.
- Improve self-learning skills, even in new intellectual fields.
- Develop leadership skills and self-working capacity.
- Manage conflicts of interest, particularly the ones about value distribution.

- Time planning management.
- Make decisions under uncertainty and show an innovative and entrepreneurial attitude.
- Pick up the best pieces of information to analyze each problem and make decisions on this basis.
- Develop team working capacity with critical capacity to evaluate third parties arguments and to re-evaluate your own conclusions in the light of the reasons given by third parties.
- Become aware of the importance of professional ethics.

## Learning outcomes:

1. Apply the basic principles of risk management
2. Apply the reasoning methods of financial economics and be aware of their distinctive features with respect to real economics.
3. Evaluate value creation in financial markets
4. Self-adapting capacity to changing environments.
5. Oral and written communicative skills in Catalan, Spanish and English, specially the capacity to synthesise the results of their own work.
6. Self-learning skills, even in new intellectual fields.
7. Understand value creation from the shareholders viewpoint.
8. Develop leadership skills and self-working capacity.
9. Know value drivers.
10. Depict the purposes and features of financial regulation from the market efficiency viewpoint.
11. Time planning management.
12. Make decisions under uncertainty and show an innovative and entrepreneur
13. Pick up the best pieces of information to analyze each problem and make decisions on this basis
14. Chose and interpret the financial markets and corporate information.
15. Develop team working capacity with critical capacity to evaluate third parties arguments and to re-evaluate your own conclusions in the light of the reasons given by third parties.
16. Become aware of the importance of professional ethics.

## Topics

### 1 Assets and valuation principles

- 1.1 Primitive and derivative assets
- 1.2 Basic financial operations: Investment, speculation, hedging and arbitrage.
- 1.3 Capitalization and discounting.
- 1.4 The twofold dimension of finance: Time and risk.

## **2 Financial markets and their role in asset valuation**

- 2.1 Concept and functions of the financial market. Primary and secondary market.
- 2.2. The stock and fixed income markets.
- 2.3 How derivative markets work.
- 2.4 Introduction to hedging with derivatives.

## **3 Diversification and portfolio selection**

- 3.1 Common stocks risk and return.
- 3.2 Portfolios risk and return.
- 3.3 Diversification and risk reduction
- 3.4 The Markowitz portfolio selection model.

## **4 The Capital Asset Pricing Model**

- 4.1 .Introducing the risk free interest rate in portfolio selection: The separation theorem.
- 4.2 The market portfolio and the Capital Market Line.
- 4.3 The Security Market Line
- 4.4 Systematic risk vs. specific risk.

## **5. The efficiency of financial markets**

- 5.1. Concept and properties of efficient capital markets.
- 5.2 Anomalies and noise.
- 5.3 Bubbles and crisis.
- 5.4. Financial markets regulation.
- 5.5 Ethics in financial markets.

## **6. Financial assets valuation: Common stocks and Bonds.**

- 6.1 Required rate of return and risk premia.
- 6.2. Bond valuation.
- 6.3 Common stocks valuation: earnings and dividends.
- 6.4 Common stocks valuation: Growth opportunities

## 7 . Introduction to option and futures valuation

7.1 Call and put concepts.

7.2 The put-call parity relationship.

7.3 Binomial valuation.

7.4 Introduction to futures prices.

### Delivering methodology

The 50% of credits are theoretical and the remaining 50% practical. The theoretical part will be delivered through lectures. Lectures will introduce the topics by encouraging students participation. Special attention will be given to the reasoning methods with specific sessions specifically devoted on them.

The practical part will consists of problem solving, with and without software, corporate and market information financial analysis and selected readings. Students are expected to participate actively by solving exercises and analysing published information, especially financial webpages.

### Learning activities

Títol	Hores	ECTS	Resultats d'aprenentatge
<b>Type: Guided</b>			
Lectures	30	1,2	1, 2, 3, 5, 7, 9, 10, 11, 12, 14, 16
Problem solving and case analysis	15	0,6	1, 2, 3, 5, 7, 8, 9, 10, 12, 13, 14, 15
<b>Type: Supervised</b>			
Tutorials	23	0,92	1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 13, 14, 15, 16
<b>Type: Autonomous</b>			
Information research	11	0,44	6, 8, 11, 14, 15
Study	45	1,8	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16
Problem solving and case analysis	20	0,8	1, 2, 3, 5, 7, 8, 9, 10, 11, 13, 14, 15

## **Evaluation**

The evaluation of Finance I consists of two components:

a) Continuous evaluation (40% of the grade)

b).Final exam (60% of the grade)

The continuous evaluation consists of two written exercises in the weeks scheduled by the Facultat d'Economia i Empresa.

Lecturers could ask the delivery of additional exercises.

The final grade is, at least, the weighted average of continuous evaluation exercises (40%) and final exam (60%). Nevertheless, lecturers can improve this mark applying objective and fairness criteria. Students with an average grade higher or equal than 5 will pass the subject.

The re-evaluation will consist in a new exam and will be subject to the following rules of the Facultat d'Economia i Empresa:

### **Rules of the Facultat d'Economia i Empresa concerning "Re-evaluation"**

Those students whose final grade is below 4 will have to retake the course. Those who achieve a final grade between 4 and 5 have the right to a "re-evaluation". The teachers will decide the format of this re-evaluation. The date of the re-evaluation will be scheduled in the examination calendar of the Facultat d'Economia i Empresa. The re-evaluation will be assessed on a "Pass / Not pass" basis. The final grade for those students with a "pass" will be equal to 5. If the student receives a "not pass" qualification, then s/he will have to retake the course and the final grade will be equal to the grade obtained before the re-evaluation.

### **Rules of the Facultat d'Economia i Empresa concerning "Absent"**

A student is considered "Absent" as long as s/he does not participate in any evaluation activity. Therefore, a student who participates in any component of the "continuous evaluation" will not be eligible to get an "Absent".

Evaluation activity	Weight	Hours	ECTS
Exam	60%	3.5	0.14
First exercise of continuous evaluation	15%	2	0.08
Second exercise of continuous evaluation	25%	2	0.08

### Evaluation activities

Títol	Weight	Hours	ECTS	Resultats d'aprenentatge
Exam	60%	2	0,08	
First continuous evaluation exercise	15%	2	0,08	
Second continuous evaluation exercise	25%	2	0,08	

### References

BODIE, Z.; A. KANE i A. J. MARCUS. *Investments*. 7ª edició. Nova York: McGraw-Hill, 2007.

BREALEY, R., S.C. MYERS, F. ALLEN. *Principles of Corporate Finance*, (10th Edition). McGraw-Hill, 2010

HULL, J. *Introducción a los mercados de futuros y opciones*. Prentice-Hall, Madrid, 2010.

MALKIEL, B.G. *A Random Walk Down Wall Street*. 10ª edició. Nova York: WW. Norton, 2012).

ROSS, S.A.; R.W. WESTERFIELD , J. JAFFE. *Modern Financial Management* (9ª edition). Nova York: McGraw-Hill, 2009.