

**Finance I**

Code: 102329  
ECTS Credits: 6

Degree	Type	Year	Semester
2501572 Business Administration and Management	OB	3	1
2501573 Economics	OT	3	1
2501573 Economics	OT	4	0

**Contact**

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**Use of languages**

Principal working language: catalan (cat)  
Some groups entirely in English: Yes  
Some groups entirely in Catalan: Yes  
Some groups entirely in Spanish: Yes

**Other comments on languages**

les mateixes que en cursos anteriors

**Teachers**

Carlota Menéndez Plans  
Joan Montllor Serrats  
Florina Raluca Silaghi  
Paulino Aguilera Malagón

**Prerequisites**

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

**Objectives and Contextualisation**

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

The course is centred on the financial market distinctive features and value creation from the twofold perspective of markets and corporations. Topics are studied from the point of view of the two dimensions of Finance: time and risk.

**Skills**

### **Business Administration and Management**

- Apply the basic statistics for improving capacity for work in situations of risk, understanding their origins and developing possible strategies for reducing or mitigating their effects.
- Apply theoretical knowledge of finances to improve relations with sources of financing, identifying the different forms of financing and the advantages and disadvantages for the company and the providers.
- Capacity for adapting to changing environments.
- Capacity for independent learning in the future, gaining more profound knowledge of previous areas or learning new topics.
- Capacity for oral and written communication in Catalan, Spanish and English, which enables synthesis and oral and written presentation of the work carried out.
- Demonstrate initiative and work individually when the situation requires it.
- Manage conflicts of interest and in particular conflicts involving proposals for the fair distribution of value generated.
- Organise the work in terms of good time management, organisation and planning.
- Select and generate the information necessary for each problem, analyse it and take decisions based on that information.
- Take decisions in situations of uncertainty, demonstrating an entrepreneurial and innovative attitude.
- Value ethical commitment in professional practice.
- Work well in a team, being able to argue proposals and validate or reject the arguments of others in a reasoned manner.

### **Learning outcomes**

1. A capacity of oral and written communication in Catalan, Spanish and English, which allows them to summarise and present the work conducted both orally and in writing.
2. Apply the main principles of risk management.
3. Apply the methodology of financial economy reasoning and differentiate it from its equivalent in real economy.
4. Assess ethical commitment in professional activity.
5. Assess the creation of value in finance markets.
6. Capacity to adapt to changing environments.
7. Capacity to continue future learning independently, acquiring further knowledge and exploring new areas of knowledge.
8. Demonstrate initiative and work independently when required.
9. Demonstrate knowledge of the variables determining the formation of value.
10. Describe the characteristics and objectives of financial regulation from the perspective of market efficiency.
11. Make decisions in situations of uncertainty and show an enterprising and innovative spirit.
12. Organise work, in terms of good time management and organisation and planning.
13. Select and generate the information needed for each problem, analyse it and make decisions based on this information.
14. Select and interpret the financial information of markets and companies.
15. Understand the formation of value from the perspective of shareholders.
16. Work as part of a team and be able to argue own proposals and validate or refuse the arguments of others in a reasonable manner.

### **Content**

#### **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 Commonstocks 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 price

## Methodology

50% of the credits are theoretical and 50% practical. Theory will be taught through lectures. Lecturers introduce the topics encouraging students's participation through questions and observations. In each topic presentation of contents is accompanied by the analysis and reasoning of the methods applied.

The practical part consists of problem solving (with and without software), analysis of financial market and corporate information, and selected readings. Students are expected to participate actively by solving exercises and analysing published information, especially financial websides. Problem solving in the classroom insists on the usage of software (especially spreadbooks).

## Activities

Title	Hours	ECTS	Learning outcomes
<b>Type: Directed</b>			
Case studies and exercises	30	1.2	2, 3, 5, 1, 15, 9, 10, 12, 11, 14, 4
Master classes	15	0.6	2, 3, 5, 1, 15, 8, 9, 10, 11, 13, 14, 16
<b>Type: Supervised</b>			
Tutorials	23	0.92	2, 3, 5, 6, 1, 15, 8, 9, 10, 12, 13, 14, 16, 4
<b>Type: Autonomous</b>			
Searching documents and references	11	0.44	7, 8, 12, 14, 16
Solving exercises and case studies	45	1.8	2, 3, 5, 6, 1, 7, 15, 8, 9, 10, 12, 11, 13, 14, 16, 4
Studying	20	0.8	2, 3, 5, 1, 15, 8, 9, 10, 12, 13, 14, 16

## Evaluation

Exams will take place following the contents and the calendar published at the beginning of the semester.

There are two exams of continuous evaluation weighted 20% the first and 30% the second. Lecturers can decide if these exams are complemented by exercises to be delivered.

The remaining 50% will be evaluated at the end of the semester following the calendar scheduled by the Faculty.

The final grade is the weighted average of the continuous evaluation (50%) and the last exam (50%).

If this weighted average is equal to or higher than 5.0, the student has passed the subject. If it is between 4.0 and 4.9, the student is entitled to write a retake exam according to the rules of the Faculty.

If it is less than 4.0, the student has failed and will have to take he subject again in the following academic year.

Rules of the Faculty of Economics and Business concerning "Re-evaluation"

Those students whose grade is below 4.0 will have to retake the course. Those who achieve a final grade between 4.0 and 4.9 have the right to "re-evaluation". Teachers decide the format of this re-evaluation. The date of the re-evaluation is scheduled in the examination calendar of the Faculty of Economics and Business.

Re-evaluation is assessed on a "Pass / No pass" basis. The final grade for those students with "Pass" is 5.0. If the student receives a "No pass" qualification, then s/he will have to retake the course and the final grade will be equal to the grade obtained before re-evaluation.

Rules of the Universitat Autònoma de Barcelona concerning the grade "Unassessable / No avaluable"

A student receives the grade "Non-assessable / No avaluable" when there is insufficient evidence of his/her participation in the evaluation of the subject. This will be the case if the student has participated in less than 30% of the evaluation activities.

## Evaluation activities

Title	Weighting	Hours	ECTS	Learning outcomes
Exam at the end of the semester	50%	2	0.08	2, 3, 5, 1, 15, 9, 10, 13, 14
First exam of continuous evaluation	20%	2	0.08	2, 3, 5, 6, 1, 7, 15, 8, 9, 10, 12, 11, 13, 14, 16, 4
Second exam of continuous evaluation	30%	2	0.08	2, 3, 5, 1, 15, 9, 10, 14

## Bibliography

BODIE, Z.; A. KANE i A. J. MARCUS. *Investments*. 10th edition. New York: McGraw-Hill, 2014.

BREALEY, R., S.C. MYERS, F. ALLEN. *Principles of Corporate Finance*, 11th edition. New York: McGraw-Hill, 2014.

HULL, J. *Fundamentals of Futures and Options Markets*. 9th edition. Prentice-Hall. 2016.

MALKIEL, B.G. *A Random Walk Down Wall Street*. 12th edition. New York: W.W. Norton, 2015.

ROSS, S.A.; R.W. WESTERFIELD; J. JAFFE; B.JORDAN. *Corporate Finance*. 11th edition. Nova York: McGraw-Hill, 2016.