

## **Finance I**

Code: 42728

ECTS Credits: 10

Degree	Type	Year	Semester
4310025 Economics and Business Administration	OT	0	2

The proposed teaching and assessment methodology that appear in the guide may be subject to changes as a result of the restrictions to face-to-face class attendance imposed by the health authorities.

### **Contact**

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### **Other comments on languages**

This master is taught and evaluated entirely in English.

### **Use of Languages**

Principal working language: english (eng)

### **Teachers**

Jordi Caballé Vilella

Maria Antònia Tarrazón Rodón

Florina Raluca Silaghi

Ramón Prat Casanovas

### **Prerequisites**

Fundamentals of Economics and Business I

Fundamentals of Economics and Business II

### **Objectives and Contextualisation**

Finance I: Financial Economics, Asset Pricing and Financial Strategies

Foundations of finance: Assets, market behavior, market phenomena, and decisions about saving, consumption and investment. Value creation in financial markets: Required rate of return and asset pricing of shares, bonds and derivatives.

### **Competences**

- Argue the case for and write a precise, clear and concise report of the problems presented in the English language.
- Carry out empirical studies.
- Carry out oral presentations in the English language.
- Contextualise economic problems through the use of formal models that enable quantitative analysis.

- Demonstrate an understanding of the investment and financing coordinates as they affect the financial decisions of the company
- Demonstrate an understanding of the mechanisms and characteristics of balance in financial markets
- Relate financial decision to the company strategy as a whole
- Respect ethical, social and environmental values.
- Show an understanding of decision-making models in the area of real investment project selection, company financing and investment and international financing.
- Show an understanding of the principles of evaluations of basic and derived financial assets
- Show an understanding of the principles of financial investment: portfolio selection and financial investment strategies
- Situate these company financial decisions in the framework of the financial market
- Understand academic research in the areas indicated.
- Understand the time and risk coordinates as they affect the financial markets
- Use different statistical programs to process data.

## **Learning Outcomes**

1. Argue the case for and write a precise, clear and concise report of the problems presented in the English language.
2. Carry out empirical studies.
3. Carry out oral presentations in the English language.
4. Contextualise economic problems through the use of formal models that enable quantitative analysis.
5. Demonstrate an understanding of the investment and financing coordinates as they affect the financial decisions of the company
6. Demonstrate an understanding of the mechanisms and characteristics of balance in financial markets
7. Relate financial decision to the company strategy as a whole
8. Respect ethical, social and environmental values.
9. Show an understanding of decision-making models in the area of real investment project selection, company financing and investment and international financing.
10. Show an understanding of the principles of evaluations of basic and derived financial assets
11. Show an understanding of the principles of financial investment: portfolio selection and financial investment strategies
12. Situate these company financial decisions in the framework of the financial market
13. Understand academic research in the areas indicated.
14. Understand the time and risk coordinates as they affect the financial markets
15. Use different statistical programs to process data.

## **Content**

1. Decisions and Portfolio Choice under Uncertainty
2. General Equilibrium under Uncertainty and the Valuation of Contingent Claims
3. Incomplete Markets
4. Term Structure of Interest Rates. Bond Management
5. Information, Market Efficiency and Market Regulation
6. Mean-Variance Models: CAPM and APT
7. Share Valuation Models
8. Derivatives: Pricing and Strategies

## **Methodology**

The activities that will allow the students to learn the basic concepts included in this course are:

1. Theory lectures where the instructor will explain the main concepts.

The goal of this activity is to introduce the basic notions and guide the student learning.

## 2. Problem Sets

In some subjects, a problem set which students will have to solve individually or in teams will be included in every unit. The goal of this activity is twofold. On one hand students will work with the theoretical concepts explained in the classroom, and on the other hand through this practice they will develop the necessary skills for problem solving.

## 3. Practice lectures

The aim of this activity is to comment on and solve any possible doubt that students may have had solving the problem assignment. This way they will be able to understand and correct any errors they may have had during this process.

## 4. Essay writing

In some subjects, students will produce written essays on the topics proposed.

## 5. Tutoring hours

Students will have some tutor hours in which the subject instructors will help them solve any doubts they may have.

## Activities

Title	Hours	ECTS	Learning Outcomes
Type: Directed			
Lectures with ITC support	37.5	1.5	14, 5, 10, 9, 8
Resolution of exercises	37.5	1.5	14, 4, 5, 10, 9, 8
Type: Supervised			
Tutoring and monitoring work in progress. In-class presentations	62.5	2.5	1, 13, 14, 4, 7, 6, 5, 12, 11, 10, 2, 3, 9, 8, 15
Type: Autonomous			
Study, Reading, Exercise solving, Essays writing,	79.5	3.18	1, 13, 14, 4, 7, 6, 5, 12, 11, 10, 2, 9, 8, 15

## Assessment

The module consists of a number of different subjects or parts taught by different professors. The final mark for the module will consist of the average of the marks of each subject within the module.

The module is considered successfully passed if:

1. the mark for each subject within the module is higher than or equal to 3.0 (in a 0 to 10 scale), and
2. the final mark for that module is higher than or equal to 5.0 (in a 0 to 10 scale).

If the module is not successfully passed the MEBA coordinators will ask the student to re-take the exams for those subjects that, according to the coordinators and the professors opinions, may help the student to successfully pass the module. If the student passes the re-take exam he or she will obtain a mark of 5 for that subject, otherwise the previous grade will remain valid. The calendar for the re-retake exams will be announced along with the grades report.

The mark -between 0 and 10- for each subject will be computed by each professor based on his or her own criteria and on the student's performance. As a general rule, 35% of the mark will correspond to the assessment of the continuous work of the student during the course, and 65% will consist of a comprehensive final examination. The duration and nature of the final examination is decided by each professor.

**IMPORTANT:** in order to pass each subject students must attend at least 80% of the lectures (special cases, with appropriate justification, will be considered individually by the professors together with MEBA coordinators).

Final exams are compulsory. Re-take exams are only thought for those students having previously written a first exam and failed.

## Assessment Activities

Title	Weighting	Hours	ECTS	Learning Outcomes
Exercises and essays	35%	30	1.2	1, 13, 14, 4, 7, 6, 5, 12, 11, 10, 2, 3, 9, 8, 15
Topic Exam I	21.66%	1	0.04	1, 13, 14, 4, 6, 10, 8, 15
Topic Exam II	21.66%	1	0.04	1, 13, 4, 5, 12, 11, 8, 15
Topic Exam III	21.66%	1	0.04	1, 13, 4, 7, 9, 8, 15

## Bibliography

- Brealey, R.A., S.C. Myers and F. Allen, *Principles of Corporate Finance*. 12<sup>th</sup> ed. McGraw-Hill. 2017.
- Copeland, T.E., J.F. Weston and K. Shastri. *Financial Theory and Corporate Policy*. 4<sup>th</sup> ed. Addison-Wesley. 2004.
- Gollier, C. *The Economics of Risk and Time*. MIT Press, 2001.
- de la Grandville, O. *Bond Pricing and Portfolio Analysis. Protecting Investors in the Long Run*. MIT Press. 2003.
- Hens T. and M.O. Rieger. *Financial Economics. A Concise Introduction to Classical and Behavioral Finance*. Springer. 2010.
- Hull, J. *Options, Futures and Other Derivatives*, 8<sup>th</sup> edition. Prentice Hall, 2012.
- Pennacchi, G. *Theory of Asset Pricing*. Pearson, 2008.
- Semmler, W. *Asset Prices, Booms and Recessions*. 3<sup>rd</sup> ed. Springer. 2011.