

**COURSE DATA****Data Subject**

Code	36119
Name	Finance
Cycle	Grade
ECTS Credits	6.0
Academic year	2023 - 2024

Study (s)

Degree	Center	Acad. Period year
1316 - Degree in Economics	Faculty of Economics	2 Second term

Subject-matter

Degree	Subject-matter	Character
1316 - Degree in Economics	12 - Business finance	Obligatory

Coordination

Name	Department
CABALLER TARAZONA, VICENT	172 - Business Finance
LUCIA LOPEZ, JULIO JESUS	113 - Financial and Actuarial Economics

SUMMARY

This is a compulsory subject that provides an introductory overview of the field of finance (or financial economics) especially designed for a specialized degree in economics, with emphasis on asset valuation and personal investment and risk management decisions.

From a theoretical point of view, this course highlights the basic conceptual pillars of finance, in order to contribute to approach the study of the subject from a solid foundation. This basis will be useful both for this course as well as in a possible more advanced study later on. From a practical point of view, the applied side of finance - one of the most useful branches of economics for the daily decision making of individuals and companies - is extensively illustrated.

We hope that both the dual conceptual and practical aspects will awaken the students' interest in financial economics, a subject of great importance both for the understanding of the current functioning of the economies in the western countries, and for the daily management of the financial affairs of economic agents.



Students may subsequently complete their study of finance in two advanced electives: Corporate Finance (dedicated to the financial decisions of the companies) and Financial Markets and Banking Operations (dedicated to advanced aspects related to the financial system, fixed-income markets and banking intermediaries).

PREVIOUS KNOWLEDGE

Relationship to other subjects of the same degree

There are no specified enrollment restrictions with other subjects of the curriculum.

Other requirements

No previous knowledge in any financial subject is required.

COMPETENCES (RD 1393/2007) // LEARNING OUTCOMES (RD 822/2021)

1316 - Degree in Economics

- Show critical thinking skills.
- Be able to collect and analyse information.
- Have oral and written communication skills in the native language.
- Have decision-making skills and be able to apply knowledge to practice.
- Be able to learn autonomously.
- Be able to use ICTs.
- Be able to prepare and defend an economic report.
- Know how to analyse and interpret the economic and financial information of companies.
- Know the basic concepts of financial analysis and the operation of financial markets.

LEARNING OUTCOMES (RD 1393/2007) // NO CONTENT (RD 822/2021)

- The student will learn the notion of interest rate and term structure of interest rates.
- He/she will learn how to apply methods of valuation of bonds and stocks.
- He/she will learn to analyze the risk and return of financial assets.
- He/she will learn the tools and techniques of portfolio selection.
- He/she will learn how to use appropriate software.



DESCRIPTION OF CONTENTS

1. OVERVIEW OF FINANCE

1. Finance (Financial Economics): concept and relevance
2. Main fields of study
3. Financial system. Main functions.
4. Concept of risk in Finance
5. Types of risk-management strategies through the financial system
6. Main analytical tools of Modern Financial Economics

2. TIME VALUE OF MONEY AND DISCOUNTING KNOWN CASH FLOWS

1. Accumulating and future value
2. Discounting and present value
3. Multiple cash flows. Annuities.
4. Applications of discounted cash flow analysis

3. ARBITRAGE AND RELATIVE VALUATION

1. Absence of arbitrage and the Law of One Price (LOP)
2. Applications of the LOP
3. Synthetic assets and Financial Engineering

4. TERM STRUCTURE OF INTEREST RATES AND COUPON BONDS

1. Pure discount bonds and the term structure of interest rates
2. LOP and coupon bonds
3. Term structure theories

5. VALUATION OF VARIABLE INCOME ASSETS (STOCK)

1. Basic notions (characteristics, price and risk).
2. Factors determining the price of stocks.
3. The dividend discount model.
4. Other valuation models.

6. RISK AND RETURN

1. Risks and returns of stocks
2. Historical risks and returns of stocks
3. Expected return and risk for stock portfolios.
4. Systematic versus unsystematic risk



7. EQUITY RISK MANAGEMENT AND FINANCIAL DERIVATIVES

1. Diversification and the concept of efficient portfolio.
2. Measuring systematic risk.
3. The capital asset pricing model (CAPM)
4. Financial derivatives

WORKLOAD

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Study and independent work	90,00	0
TOTAL	150,00	

TEACHING METHODOLOGY

There will be **a two-hour lecture plus a two-hour practice session per week**, thus a total of four classroom hours per week.

- The lecturer will combine during the lecture his/her explanations with the active participation of the students (they should raise their doubts, try to help their classmates, and participate in discussions in group about the most controversial concepts). The objective is to improve the autonomous capacity of the students (individual work at home previous to the lecture) as well as their ability to work in groups, to argue and defend ideas (debate groups), and their oral and written communication skills. Students will be expected to have completed the assigned readings before class and review them after class.
- Practice sessions will consist of solving exercises, working on case studies, workshops, presentations and discussions, etc. Weekly problem sets will be assigned throughout the course to illustrate and reinforce the concepts presented in class as well as.
- Lecture slides, practice sessions guidelines and relevant materials can be found at www.aulavirtual.uv.es.
- Students will be expected to work in groups in preparation of the projects that will be presented in class.

EVALUATION

EVALUATION SYSTEM

The course grade for the students registered in the group who attend classes regularly will be given by the sum of:



1. The final exam. The final exam will be administered according to the official schedule. It will include theoretical and practical questions and problems or case studies to be solved. It will cover all the units. (80% of overall mark). The final exam is compulsory; it is required to pass it to pass the course (a minimum grade of 5 out of 10 is required).

2. Continuous assessment of the tasks developed by the student during the course. These tasks comprise individual exercises handed in, group presentations, and discussions in classroom. The participation in the classroom and the attitude towards classmates will influence also the marks obtained in the continuous assessment. (20% of the overall mark)

The final qualification will be given by the sum of the previous concepts. Nonetheless, in order to pass the subject, **the student must pass the final exam** (answer at least 50% of the exam questions correctly), **which is compulsory**. In case of failing the final exam, the maximum qualification that the student can obtain as the sum of all the items will be 4.5 points

SECOND CALL EVALUATION SYSTEM

For the second examination call, the same evaluation and weighting criteria as for the first call will be used. Those students who are evaluated on the second examination call will maintain the grade obtained in all the evaluation items except the final exam, and they will not be allowed to complete any tasks or homework that had not been previously considered for the first call.

CHANGES IN FINAL EXAMINATION SCHEDULES

Any possible change of the date and/or time of a final exam will be administered under the terms and conditions established by Article 9.2 of the “Regulation of evaluation and qualification of the University of Valencia for bachelor's and master's degrees, ACGUV 108/2017”.

In particular, in case of coincidence at the same date and time of two final exams of the same degree, if according to the rules this subject must change the date or time, the student will have to submit a written request to reschedule his/her exam to the Head of the Department at least one month before the beginning of the final examination period.

You can submit your request to: dep.economia.financera@uv.es exclusively from your alumni.uv.es email address.

In order to be allowed to take the alternative exam, the student will have to provide documentary evidence that he/she has previously attended the coincident exam.

ACADEMIC FRAUD

Exams will be regulated by Article 13 on examination fraud of the “Regulation of evaluation and qualification of the University of Valencia for bachelor's and master's degrees, ACGUV 108/2017”. Additionally, all the assessment tasks and homework will be subject to the regulation on plagiarism detailed in Article 15.2 of the same Regulation.

Furthermore, recall that all the tasks and final examinations will also be subject to the new “Action protocol for fraudulent practices at the University of Valencia. ACGUV 123/2020”.



In particular, in accordance with this regulation:

1. The following practices, among others, will be considered as fraudulent: refuse to be identified or bring any unauthorized material to the examination venue, as well as plagiarism in any task and homework.
2. At the beginning of an examination, the instructor will inform the attendees about any material and objects that are strictly prohibited to be used. In any case, students are not authorized to have any electronic device within reach (such as cellular phones or any electronic mean of emitting, receiving and/or storing information), unless they are specifically permitted to do so by the instructor.
3. Every student must follow the instructions given by the teachers and must collaborate with them. In case of incidences, teachers are considered as academic authorities, and their testimony is a privileged mean of proof.

EXAMINATION REGULATIONS

The complete above-mentioned University of Valencia regulations can be found at:

<https://www.uv.es/uvweb/college/en/undergraduate-studies/academic-information/regulations/university-valencia-legislation-1285850677111.html>

REFERENCES

Basic

- Bodie, Z. y R.C. Merton (2003): Finanzas, 1ª ed. rev., Pearson Educación. Versión traducida al español de:
Bodie, Z. and R.C. Merton (2000): Finance, 1st rev. ed., Prentice-Hall.

Additional

- BERK ET AL. (2010): Fundamentos de Finanzas Corporativas. Ed. Prentice Hall. Madrid 2010
- <https://www.investing.com/>
- <https://es.finance.yahoo.com>
- <https://www.google.com/finance/>