

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

Code	44209
Name	Financial markets and business decisions
Cycle	Master's degree
ECTS Credits	3.0
Academic year	2023 - 2024

Study (s)

Degree	Center	Acad. Period year
2195 - M.U. en Finanzas Corporativas	Faculty of Economics	1 First term

Subject-matter

Degree	Subject-matter	Character
2195 - M.U. en Finanzas Corporativas	4 - Assessment and risk	Obligatory

Coordination

Name	Department
IBAÑEZ ESCRIBANO, ANA MARIA	172 - Business Finance

SUMMARY

The subject of Financial Markets and Business Decisions is studied within the Valuation and Risk module. It is the first subject taken in this module, the aim of which is to enable students to understand, differentiate and value different types of risk and apply this knowledge to different contexts in business decision-making.

This subject seeks to bring together the main theories on asset valuation with business practice.

It is a basically theoretical subject with empirical applications whose knowledge is basic for the development of the rest of the subjects in the module, since the general notions of types of risk and their valuation will be studied.



PREVIOUS KNOWLEDGE

Relationship to other subjects of the same degree

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

Other requirements

To make an adequate learning of the contents of this subject the student must know the typical contents of Financial Economics and microeconomics that are usually taught in the studies of social sciences, as well as have a basic skill in the use of the Excel Spreadsheet. No enrolment restrictions have been specified for other subjects in the curriculum.

OUTCOMES

2195 - M.U. en Finanzas Corporativas

- Actuar en el marco de los Derechos Humanos, los principios democráticos, los principios de igualdad entre mujeres y hombres, de solidaridad, de protección medioambiental, de accesibilidad universal y diseño para todos, y de fomento de la cultura de la paz.
- Students should apply acquired knowledge to solve problems in unfamiliar contexts within their field of study, including multidisciplinary scenarios.
- Students should be able to integrate knowledge and address the complexity of making informed judgments based on incomplete or limited information, including reflections on the social and ethical responsibilities associated with the application of their knowledge and judgments.
- Students should communicate conclusions and underlying knowledge clearly and unambiguously to both specialized and non-specialized audiences.
- Students should demonstrate self-directed learning skills for continued academic growth.
- Students should possess and understand foundational knowledge that enables original thinking and research in the field.
- Integrar en el área financiera de la empresa las nuevas tecnologías en su labor profesional.
- Analizar de forma crítica tanto su trabajo como responsable de las finanzas empresariales, como el de sus compañeros.
- Ser capaz de buscar, seleccionar y valorar información emanada de los distintos agentes del entorno, a través de métodos tradicionales y de las tecnologías de la información y de la comunicación para utilizarla de forma efectiva ante problemas y situaciones relacionadas con las finanzas corporativas.
- Trabajar en equipo con eficacia y eficiencia tanto en el área financiera como en las otras áreas funcionales de la empresa.



- Tomar decisiones tanto individuales como colectivas en su labor profesional como responsable financiero de la empresa.
- Construir una actitud proactiva ante los posibles cambios económicos y financieros que se produzcan en el ámbito de su labor profesional como responsable de las finanzas de la empresa.
- Habilidades en la negociación y resolución de problemas y conflictos en el ámbito económico-financiero de la empresa.
- Comparar los modelos básicos de valoración de activos financieros y sus limitaciones así como precisar la relación existente entre mercados financieros y finanzas empresariales.

LEARNING OUTCOMES

Successful completion of the course should enable students to

- Know the basic models of asset valuation and their theoretical foundations.
- Know the concepts of global risk and systematic risk and be able to estimate them.
- Work the concepts studied from a series of data.
- Use the tools provided by the theoretical models in the exercise of professional practice.
- To estimate the cost of capital and the weighted average cost of capital, to distinguish between them and to know when to use them

DESCRIPTION OF CONTENTS

1. PORTFOLIO TOOLS

We will study the main statistical tools to be used in asset valuation, as well as the portfolio management model developed by Harry Markowitz which plays a fundamental role in almost all areas of financial practice and can be a useful tool for many important managerial decisions. We will be introduced to mean-variance analysis and the concept of diversification and thus to the distinction between systematic and unsystematic risk.

2. THE CAPITAL ASSET PRICING MODEL. GENERALISATION AND EQUILIBRIUM VALUATION MODELS.

The relationship between expected risk and return derived from mean-variance analysis will be investigated by focusing on the capital asset pricing model (CAPM). We will study how to implement this model, the empirical evidence, its main criticisms and its extensions

**3. FACTOR MODELS AND ARBITRAGE PRICING THEORY.**

Statistical models of return generation that decompose risk into two parts and methods of estimating these models will be studied. These models will be used to derive arbitrage pricing theory.

4. EFFICIENCY IN CAPITAL MARKETS.

We will study one of the fundamental topics in Finance, that of efficient capital markets theory, we will analyse the empirical evidence and the anomalies found, introducing the explanations offered by behavioural finance

5. ESTIMATION OF THE COST OF CAPITAL.

The concept of the company's cost of capital will be studied, distinguishing it from the opportunity cost of investment projects, as well as their estimation based on the models and risk factors studied.

WORKLOAD

ACTIVITY	Hours	% To be attended
Theoretical and practical classes	11,00	100
Computer classroom practice	10,00	100
Group work	7,00	100
Tutorials	2,00	100
TOTAL	30,00	

TEACHING METHODOLOGY

During the course the contents of the program will be worked on simultaneously with the theoretical and practical ones.

The theoretical classes will be given with the methodology of the master class, in which the teacher will detail the fundamental aspects of each topic and explain the most relevant concepts, facilitating the study of the same through the indicated bibliography, to which the student must go to complete and deepen the subject, and the material prepared for this purpose.

The practical classes will include the consideration of questions and exercises of an applied nature that have been previously raised in the theoretical classes, and the student must actively participate in the development of the activity by discussing the solution, and using the appropriate computer techniques for their resolution.

In addition to these face-to-face activities, the student will have to carry out other activities aimed at learning autonomously, such as individual study, preparation of assessment activities, or individual or group work. For the successful accomplishment of these activities, the tutorship, carried out in an individual or group way, constitutes a specially important educational resource since it allows the teacher to know the level of progress of the group, and the student a personalized orientation in his formative



program. Consequently, the use of this teaching resource is recommended and encouraged throughout the training period of the subject.

The virtual classroom (<https://aulavirtual.uv.es/>) facilitates the development of these methodologies, since it collects all the teaching material and allows the easy communication between teacher and student

EVALUATION

The evaluation will be carried out according to:

- A written examination consisting of both theoretical questions and problems or exercises.

Continuous evaluation will be based on any or all of the following:

- Class attendance and participation
- Attendance at conferences related to the topics of study.
- Periodic follow-up tests.
- Activities carried out during the training period: exercises, problems, cases.
- Individual and/or team work.

In any case, it will be mandatory for the subject to evaluate the completion of one or more exercises that will be raised for the different topics.

The written exam will represent between 70% and 90% of the final grade and the continuous evaluation between 10% and 30%.

In any case, in order to pass the course, a minimum grade of 5 out of 10 will be required and in the written test a minimum grade of 5 out of 10 will also be required. In the case of not passing the written test the maximum grade that can be obtained will be 4.5.

The written test may consist of one or more tests during the training period.

The written examination may consist of one or more tests during the training period. In order to be assessed, the activities and tasks proposed must be submitted on the date and in the form stipulated for each of them.

The second call will use the same evaluation criteria as the first call

REFERENCES



Basic

- BERCK, J, P. DEMARZO (2020): Corporate Finance. Pearson.
- ELTON, EJ, M.J.GRUBER, S.J. BROWN, S. J. (2017): Modern portfolio theory and investment analysis. Wiley.
- GRINBLATT, M y S. TITMAN(2002): Mercados financieros y estrategia empresarial. McGraw-Hill.
- MARÍN, M y G. RUBIO (2001): Economía Financiera. Antoni Bosch editor.
- MARTINEZ, MA (2005): Ejercicios de Economía Financiera. Antoni Bosch Editor.
- TITMAN, S y J.D. MARTIN (2009): Valoración. El arte y la ciencia de las decisiones de inversión corporativa. Pearson

Additional

- COPELAND, TE, JF. WESTON y K. SHASTRI, Financial Theory and Corporate Policy. Pearson, 2005
- CUTHBERTSON, K y D. NITZSCHE: Quantitative Financial Economics, Wiley, 2005
- DANTHINE, JP y JB DONALDSON, Intermediate Financial Theory. Elsevier, 2015
- HAUGEN, RA (2001): Modern Investment Theory. Prentice Hall
- SHARPE, WF y otros (1998) :Investments. Prentice Hall