Location: NYU London

Class code: FINC-UB9002

Instructor Details

Name: Dr Dirk Nitzsche

Class Details

Location to be confirmed.

Prerequisites

Prerequisites: (1) STAT-UB 103 Statistics for Business Control and Regression/Forecasting Models OR STAT-UB 1 Statistics for Business Control (4 credit) plus STAT-UB 3 Regression/Forecasting (2 credit) OR equivalent AND (2) one of the following: ECON-UB 1 Microeconomics OR ECON-UA 2 Economic Principles II, OR ECON-UA 5 Introduction to Economic Analysis, AND (3) ACCT-UB 1 Principles of Financial Accounting AND (4) At least Sophomore Standing.

Class Description

Interactive lectures, Excel demonstrations, self-study problem sheets

Desired Outcomes

The aim of this module is to introduce and to develop the basic concepts and tools used in modern finance. This module provides an introduction to financial markets and the different financial assets, including equities, fixed income securities and derivatives. It outlines different valuation models for projects (or other physical investments), equities, fixed income securities, options and futures. A key focus of this module is the assessment of risk and return and the introduction of some groundbreaking finance theory, such as diversification and portfolio theory and the CAPM.

This course integrates Excel spreadsheet modeling and in particular the Excel optimizer Solver to demonstrate some computer based application of some financial concepts introduced in this module. It also focuses on current developments, such as the financial crises of 2007, the Euro crisis and various other news stories.

Students should be able to understands and apply basic finance concepts used in business.

Students should be able to understand and assess current developments in finance and financial markets.

Students have been exposed to jargon used in finance and gained the knowledge to make better financial decisions.

Assessment Components

Mid term test (25% weight) covers the material from the first 5 weeks, Individual Excel Project (25% weight) and a 2 hour closed book exam (50% weight) covering all the material taught in this module. The mid-term test has is 75 minutes and for the Excel project students have approximately one week to compete. Labor intense Excel assignment focusing on portfolio theory.

Failure to submit or fulfill any required course component results in failure of the class.

Assessment Expectations

Grade A: Students needs to show an outstanding understanding of the financial concepts and theories introduced in this course together with applications. Knowledge of the limitations of the theory and practical issues should also be understood.
**Grade B:** Students needs to show a **good** understanding of the financial concepts and theories (and its limitations) introduced in this course together with applications and practical issues.

**Grade C:** Students should demonstrate a **basic** understanding of different financial instruments and markets and its interaction.

**Grade D:** **Limited** knowledge of financial issues and concepts. Finance is probably not for this student.

**Grade F:** Shows **no** understanding of basic concepts taught in this module and **no** interest in the subject. Student is advised not to pursue a career in finance.

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**Required Text(s)**

There is no required textbook for this course as the course material distributed to students is quite substantial.

However, some students might find it useful to read the topics in a textbook again. A very easy textbook which covers most (if not all) of the topics in this course is the recommended textbook used in New York. It is however not necessary to have the latest edition of this textbook as the changes from edition to edition are minimal. Many other textbooks cover the same material and are also suitable.


**Supplemental Texts(s) (not required to purchase as copies are in NYU-L Library)**


There are numerous textbooks which cover the topics in this module.

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**Internet Research Guidelines**

N/A

**Additional Required Equipment**

None

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**Session 1**

Financial Markets, Investors and the Investment Process

**Session 2**

Valuation Techniques

**Session 3**

Measuring Risk and Return

**Session 4**

Equity Investments

**Session 5**

Portfolio Theory
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<td>Asset Allocation and International Diversification</td>
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<td>2&lt;sup&gt;nd&lt;/sup&gt; assignment : Excel Project (exact date and time announced in class)</td>
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<td>3&lt;sup&gt;rd&lt;/sup&gt; assignment : Closed Book Exam (2 hours)</td>
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**Your Instructor**

Dirk Nitzsche affiliation with New York University in London goes back to 2001 when he started teaching the module Foundations of Finance (previously known as Foundations of Financial Markets).

Currently he works for Cass Business School (City University, London) which he joined as a Senior Lecturer in Finance in October 2004. Before joining Cass Business School he spent 6 years at the Business School at Imperial College, London. At Cass Business School, Dirk is also the Associate Dean for International Relations.


His research interests can broadly be described as asset pricing and efficiency of financial markets and more recently he analyses the performance of unit trusts and hedge funds. His recent research addressed the question whether the performance of mutual funds can be explained by luck or skill and calculations about the False Discovery Rate of well performing mutual funds. The new project looks at aspects of persistence of mutual fund performance.

A list of publications and more information about the textbooks can be found on the home page

[http://www.cass.city.ac.uk/experts/d.nitzsche](http://www.cass.city.ac.uk/experts/d.nitzsche)

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**NYU GLOBAL ACADEMIC POLICIES**

Policies and procedures for Global Academic Centres, including policies on academic integrity and the Study Away Standard, can be found here: 
[https://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/student-services.html](https://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/student-services.html)

**Absences:** Key information on NYU London’s absence policy, how to report absences, and what kinds of absences can be excused can be found here: [http://www.nyu.edu/london/academics/attendance-policy.html](http://www.nyu.edu/london/academics/attendance-policy.html)

**NYU London work submission policies** can be found here: [http://www.nyu.edu/london/academics/academic-policies.html](http://www.nyu.edu/london/academics/academic-policies.html)
**Classroom conduct:** Academic communities exist to facilitate the process of acquiring and exchanging knowledge and understanding, to enhance the personal and intellectual development of its members, and to advance the interests of society. Essential to this mission is that all members of the University Community are safe and free to engage in a civil process of teaching and learning through their experiences both inside and outside the classroom. Accordingly, no student should engage in any form of behaviour that interferes with the academic or educational process, compromises the personal safety or well-being of another, or disrupts the administration of University programs or services.

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