

FINC-UB9002L01, Foundations of Finance

NYU London: Spring 2020

Instructor Information

- TBD

Course Information

- Mondays and Wednesdays, 16.45 to 18.00
 - Bedford Square, Room 104
- 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.

Course Overview and Goals

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 ground breaking 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.

Upon Completion of this Course, students will be able to:

- Students should be able to understand 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.
- Understand current financial developments better.

Course Requirements

Grading of Assignments

The grade for this course will be determined according to these assessment components:

Assignments/ Activities	Description of Assignment	% of Final Grade	Due
Mid-term test	75 minutes mid-term test	25%	Week 6
Excel project	Excel project – open book. Practical application of some of the theory studied	25%	TBC
Classic exam	2 hour closed book exam paper.	50%	Exam week after teaching term

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

Grades

Letter grades for the entire course will be assigned as follows:

Letter Grade	Percent	Description
A	Example: 93.5% and higher	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
B	Example: 82.5% - 87.49%	Grade B: Students needs to show a good understanding of the financial concepts and

Letter Grade	Percent	Description
		theories (and its limitations) introduced in this course together with applications and practical issues
C	Example: 72.5% - 77.49%	Grade C: Students should demonstrate a basic understanding of different financial instruments and markets and its interaction
D	Example: 62.5% - 67.49	Grade D: Limited knowledge of financial issues and concepts. Finance is probably not for this student
F	Example: 59.99% and lower	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.work]

Course Materials

Required Textbooks & Materials

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 textbook cover the same material and are also suitable.

- In New York Bodie, Z., Kane, A. and Marcus, A.J. '**Essentials of Investments**', McGraw-Hill is the main textbook. [Insert textbook or material name]

Optional Textbooks & Materials

- Bodie, Z., Kane, A. and Marcus, A.J. '**Essentials of Investments**', McGraw-Hill (any edition from the 5th edition would be sufficient, but if possible the latest edition would be desirable) – main textbook also used in New York.
- Cuthbertson, K. and Nitzsche, D. (2008) '**Investments**', J. Wiley, 2nd edition

Resources

- **Access your course materials:** [NYU Classes](http://nyu.edu/its/classes) (nyu.edu/its/classes)
- **Databases, journal articles, and more:** [Bobst Library](http://library.nyu.edu) (library.nyu.edu)
- **NYUL Library Collection:** [Senate House Library](http://catalogue.libraries.london.ac.uk) (catalogue.libraries.london.ac.uk)
- **Assistance with strengthening your writing:** [NYU Writing Center](http://nyu.mywconline.com) (nyu.mywconline.com)
- **Obtain 24/7 technology assistance:** [IT Help Desk](http://nyu.edu/it/servicedesk) (nyu.edu/it/servicedesk)

Course Schedule

Session/Date	Topic	Reading	Assignment Due
Session 1: 3 rd Feb.	Financial Markets, Investors and the Investment Process	See lecture notes	
Session 2: 5 th Feb.	Financial Markets, Investors and the Investment Process		
Session 3: 10 th Feb.	Valuation Techniques	See lecture notes	
Session 4: 12 th Feb.	Valuation Techniques		
Session 5: 17 th Feb.	Measuring Risk and Return	See lecture notes	
Session 6: 19 th Feb.	Measuring Risk and Return		
Session 7: 24 th Feb.	Equity Investments	See lecture notes	
Session 8: 26 th Feb.	Equity Investments		
Session 9: 2 nd March	Portfolio Theory	See lecture notes	
Session 10: 4 th March	Portfolio Theory		
Session 11: 9 th March	Mid Term Test		Mid-term test being held during the class. The mid-term test might be moved forward by one session (4 th March)
Session 12: 11 th March	Excel Demonstration : Calculating Risk, Return and Portfolio Theory		

Session/Date	Topic	Reading	Assignment Due
Session 13: 16 th March	Asset Allocation and International Diversification	See lecture notes	
Session 14: 18 th March	Asset Allocation and International Diversification		
Session 15: 23 rd March	Capital Asset Pricing Model	See lecture notes	
Session 16: 25 th March	Capital Asset Pricing Model		
Session 17: 30 th March	Asset Management and Performance Measures	See lecture notes	
Session 18: 1 st April	Asset Management and Performance Measures		Submission of the Excel Assignment. Exact date will be discussed in class and could vary by 1 week.
Session 19: 6 th April	Fixed Income Securities 1	See lecture notes	
Session 20: 8 th April	Fixed Income Securities 1		
Session 21: 20 th April	Fixed Income Securities 2	See lecture notes	
Session 22: 22 nd April	Fixed Income Securities 2		
Session 23: 27 th April	Introduction to Derivatives	See lecture notes	
Session 24: 29 th April	Introduction to Derivatives	Showing of a Video explaining derivatives, options, and options pricing	
Session 25: 4 th May	Introduction to Options	See lecture notes	
Session 26: 6 th May	Introduction to Options		
Session 27: 11 th May	Introduction to Futures	See lecture notes	
Session 28: 13 th May	Introduction to Futures		
Wednesday 22 nd of May 2019	Closed Book Exam		Closed Book Exam

Co-Curricular Activities

- None

Classroom Etiquette

- [Outline your expectations here, e.g. food in classrooms, mobile phone use, etc]

NYUL Academic Policies

Attendance and Tardiness

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

Assignments, Plagiarism, and Late Work

- You can find details on these topics and more on this section of our NYUL [website](https://www.nyu.edu/london/academics/academic-policies.html) (<https://www.nyu.edu/london/academics/academic-policies.html>) and on [the Policies and Procedures section of the NYU website](https://www.nyu.edu/academics/studying-abroad/upperclassmen-semester-academic-year-study-away/academic-resources/policies-and-procedures.html) for students studying away at global sites (<https://www.nyu.edu/academics/studying-abroad/upperclassmen-semester-academic-year-study-away/academic-resources/policies-and-procedures.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. Please refer to the [NYU Student Conduct Policy](#) for examples of disruptive behavior and guidelines for response and enforcement.

Disability Disclosure Statement

Academic accommodations are available for students with disabilities. Please contact the Moses Center for Students with Disabilities (212-998-4980 or mosescsd@nyu.edu) for further information. Students who are requesting academic accommodations are advised to reach out to the Moses Center as early as possible in the semester for assistance.

Instructor Bio

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.

After completing his Ph.D. in economics at the University of Newcastle, he worked in the Department of Economics at the University of Newcastle between 1994 and 1997, before joining City University Business School in 1997 and Imperial College in 1998. Dirk has written numerous articles in refereed journals and co-authored three textbooks in finance: Investment: Spot and Derivative Markets (2001), Financial Engineering: Derivatives and Risk Management (2001) and Quantitative Financial Economics (2nd edition)(2004). In 2008 the second edition of the Investment textbook was published. In November 2019 his latest textbook was published called Derivatives – Theory and Practice.

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 and persistence of performance of mutual funds. The new project looks at aspects of persistence of equity mutual fund performance and the skill individual managers possess.

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>