

SAMPLE SYLLABUS

Foundations of Finance

FINC-UB 9002 L01

NYU London: Fall 2022

Instructor Information

- Dr Dirk Nitzsche
- Individually arranged. Students should E-mail or talk to the instructor. There will be time before and after the classes when office hours can take place.

Instruction Mode: In-person

Course Details

- Monday and Wednesday, 9.00 – 10.15am (London Time).
- All times are [Time Zone] (Daylight Saving Time ends 31 October).
- Location: TBC

Prerequisites

See NYU set pre-requisites.

Apart from the NYU set pre-requisite modules, students should have some basic understanding of statistics.

Course Description

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 2008, the Euro crisis and various other financial news stories.

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Course Objectives

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

- Students should be able to understand and apply basic finance concepts, including the relationship of risk and return, portfolio theory, hedging and speculating.
- Students should have a good understanding of different financial instruments, equities, fixed income securities and derivatives.
- Students should be able to understand and assess current developments in finance and financial markets.
- Students should have gained some knowledge how Excel can be used to perform financial calculations, including constrained optimization.
- Students have been exposed to jargon used in finance and gained the knowledge to make better financial decisions.

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

Assessment Expectations

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Letter Grade	Grade Percentage	Description
A-range	A = 93-100% A- = 90-92%	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-range	B+ = 87-89% B = 84-86% B- = 80-83%	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
C-range	C+ = 77-79% C = 74-76% C- = 70-73%	Grade C: Students should demonstrate a basic understanding of different financial instruments and markets and its interaction
D-range	D+ = 67-69% D = 65-66%	Grade D: Limited knowledge of financial issues and concepts. Finance is probably not for this student
F	F = below 65%	Grade F : Shows no understanding of basic concepts taught in this module and no interest in the subject. Student might not want to pursue a career in finance.

Course Materials

Required Text(s) & 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.

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Optional Text(s) & Materials

- Bodie, Z., Kane, A. and Marcus, A.J. '*Essentials of Investments*', McGraw-Hill (any edition from the 9th 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: [Brightspace](#)
- NYU London and Living in London Info: [LDN](#)
- Databases, journal articles, and more: [Bobst Library](#)
- Assistance with strengthening your writing: [NYU Writing Center](#) (nyu.mywconline.com)
- Obtain 24/7 technology assistance: [IT Help Desk](#)

Course Schedule

Topics & Assignments

Week/Date	Topic	Reading	Assignment Due
Session 1 5 th Sept. 22	Financial Markets, Investors and the Investment Process	See lecture notes	
Session 2 7 th Sept. 22	Financial Markets, Investors and the Investment Process		
Session 3 12 th Sept. 22	Valuation Techniques	See lecture notes	
Session 4 14 th Sept. 22	Valuation Techniques		
Session 5 19 th Sept. 22	Measuring Risk and Return	See lecture notes	
Session 6 21 st Sept. 22	Measuring Risk and Return		

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Week/Date	Topic	Reading	Assignment Due
Session 7 26 th Sept. 22	Equity Investments	See lecture notes	
Session 8 28 th Sept. 22	Equity Investments		
Session 9 3 rd Oct. 22	Portfolio Theory	See lecture notes	
Session 10 5 th Oct. 22	Portfolio Theory		
Session 11 10 th Oct. 22	Excel Demonstration : Calculating Risk, Return and Portfolio Theory		
Session 12 12 th Oct. 22	Mid-Term Test		Mid-term test being held during the class.
Session 13 17 th Oct. 22	Asset Allocation and International Diversification	See lecture notes	
Session 14 19 th Oct. 22	Asset Allocation and International Diversification		
Session 15 24 th Oct. 22	Capital Asset Pricing Model	See lecture notes	
Session 16 26 th Oct. 22	Capital Asset Pricing Model		
Session 17 31 st Oct. 22	Asset Management and Performance Measures	See lecture notes	

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Week/Date	Topic	Reading	Assignment Due
Session 18 2 nd Nov. 22	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 7 th Nov. 22	Fixed Income Securities 1	See lecture notes	
Session 20 9 th Nov. 22	Fixed Income Securities 1		
Session 21 14 th Nov. 22	Fixed Income Securities 2	See lecture notes	
Session 22 16 th Nov. 22	Fixed Income Securities 2		
Session 23 21 st Nov. 22	Introduction to Derivatives	See lecture notes	
Session 24 23 rd Nov. 22	Introduction to Derivatives	Showing of a Video explaining derivatives, options, and options pricing.	
Session 25 28 th Nov. 22	Introduction to Options	See lecture notes	
Session 26 30 th Nov. 22	Introduction to Options		
Session 27 5 th Dec. 22	Introduction to Futures	See lecture notes	

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Week/Date	Topic	Reading	Assignment Due
Session 28 7 th Dec. 22	Introduction to Futures		
Final Assessment Exact Date – TBC – but between 12 th and 16 th Dec. 22	2 hour Closed Book Exam		Exact date to be confirmed at later date. Exam will take place during the official NYUL exam period.

Course Policies

Classroom Etiquette

No special requirement, but common sense approach. Punctuality is important to me and participation is appreciated.

Final exams

Final exams must be taken at their designated times. Should there be a conflict between your final exams, please bring this to the attention of the London Academics team (nyul.academics@nyu.edu). Final exams may not be taken early, and students should not plan to leave the site before the end of the finals period.

Academic Honesty, Plagiarism and Late Work

Students at Global Academic Centers must follow the [University and school policies](#). 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>) and on the Policies and Procedures section of the NYU website 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>).

Attendance

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>)

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To ensure the integrity of the academic experience, class attendance is required and expected promptly when class begins. These rules apply to class excursions and activities as well.

Members of any religious group may, without penalty, excuse themselves from classes when required in compliance with their religious obligations, but must follow NYU London's absence reporting procedure. Please note that an absence is only excused for the holiday but not for any days of travel that may come before and/or after the holiday. See also [University Calendar Policy on Religious Holidays](#)

Moses Accommodations Statement

Academic accommodations are available for students with documented and registered disabilities. Please contact the Moses Center for Student Accessibility (+1 212-998-4980 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.

Inclusivity Policies and Priorities

NYU's Office of Global Programs and NYU's global sites are committed to equity, diversity, and inclusion. In order to nurture a more inclusive global university, NYU affirms the value of sharing differing perspectives and encourages open dialogue through a variety of pedagogical approaches. Our goal is to make all students feel included and welcome in all aspects of academic life, including our syllabi, classrooms, and educational activities/spaces.

Pronouns and Name Pronunciation (Albert)

You can edit your pronoun and name pronunciation information on your Albert account, making it visible for faculty and staff. Information on how to do this can be found on the [Pronouns and Name Pronunciation web page](#).

Bias Response

The New York University Bias Response Line provides a mechanism through which members of our community can share or report experiences and concerns of bias, discrimination, or harassing behavior that may occur within our community. For more information, including how to report an incident, visit the [Bias Response Line website](#).

Your Lecturer

Dirk Nietzsche's 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 Bayes Business School, formerly known as Cass Business School (City, University of 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 Bayes Business School, Dirk is also the Associate Dean for International Relations and the course director of the Quants Finance Masters Programs.

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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 four 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 and 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 mutual funds and hedge funds. Research questions focus on whether the performance of mutual funds can be explained by luck or skill and the calculation of the False Discovery Rate 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. Do female managers achieve a better performance than male fund managers are also questions he is addressing.

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>

Dirk's teaching currently covers modules such as theory of finance, asset pricing, derivatives and risk management and Matlab programming. He has also taught modules in econometrics, international finance and hedge funds.