

## FINANCIAL ECONOMICS 2017-2018

### **Stefano Lovo**

Professor

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### **Course Content**

This course provides an introduction to finance. In the first part of the course the emphasis is on time value of money and its applications, including capital budgeting. The second part of the course will be devoted to the fundamental theories of finance: Modern portfolio theory and the Capital Asset Pricing Model (CAPM).

### **Course Materials**

Students will be provided with a reader with exercises that will complement the lectures and copies of the lecture slides.

Slides and some exercises will also be available on-online: [www.hec.fr/lovo](http://www.hec.fr/lovo) click on "Teaching" then on "Financial Economics"

### **Reference Books** (with HEC Library call numbers)

Finance by Bodie & Merton available in English & French (BOD-5), and Investments by Bodie, Kane & Marcus available in English (BOD-5-712).

### **Course Organization**

- Lectures are held in English. Attendance is required.
- Four in-class quizzes will be given to encourage you to work on a timely manner. Quizzes take place during the first ten minutes of the classes marked "Quiz" on the schedule. To find the correct answers, you will need a pocket-calculator that can take powers and logs. The use of class material, laptop computers and cell-phones is not allowed. There will be no make-up quizzes under any circumstance.
- Five problem sets, will be given to prepare you for the final exam. The problems will be based on previous year exams. You should be ready to go to the board to solve them in front of the class on the day they are due.
- Five non-compulsory review sessions (Instructor: Noemi Pinardon-Touati).

### **Grades**

4 in-class Quizzes	100 points (25 points each)
Final Exam	200 points (2 hours)

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Total Class Grade	300 points
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### Schedule for the Monday-Wednesday groups

Lecture	Day	Date	Topic	Quiz
1	Mon.	Sep-10-2018	Time value of money	
2	Wed.	Sep-12-2018	Time value of money	
3	Mon.	Sep-17-2018	Capital budgeting	
4	Wed.	Sep-19-2018	Capital budgeting	Quiz 1
5	Mon.	Sep-24-2018	Basics of Probability Theory	
6	Wed.	Sep-26-2018	Portfolio theory	Quiz 2
7	Mon.	Oct-01-2018	Portfolio theory	
8	Wed.	Oct-03-2018	Portfolio theory	
9	Mon.	Oct-08-2018	Portfolio theory	Quiz 3
10	Wed.	Oct-10-2018	CAPM	
11	Mon.	Oct-15-2018	CAPM	Quiz 4
12	Wed.	Oct-24-2018	Review Session	
Final Exam	Nov- 5 or 6 (*)		2 hour open book	

### Schedule for the Tuesday-Thursday groups

Lecture	Day	Date	Topic	Quiz
1	Tue.	Sep-11-2018	Time value of money	
2	Thur.	Sep-13-2018	Time value of money	
3	Tue.	Sep-18-2018	Capital budgeting	
4	Thur.	Sep-20-2018	Capital budgeting	Quiz 1
5	Tue.	Sep-25-2018	Basics of Probability Theory	
6	Thur.	Sep-27-2018	Portfolio theory	Quiz 2
7	Thur.	Oct-04-2018	Portfolio theory	
8	Tue.	Oct-09-2018	Portfolio theory	Quiz 3
9	Thur.	Oct-11-2018	Portfolio theory	
10	Tue.	Oct-16-2018	CAPM	Quiz 4
11	Tue.	Oct-23-2018	CAPM	
12	Thur.	Oct-25-2018	Review Session	
Final Exam	Nov- 5 or 6 (*)		2 hour open book	

Review session by Ms Touati -Pinardon	Day	Date	Time
1	Tue.	Sep-18-2018	20:00-22:00
2	Tue.	Sep-25-2018	20:00-22:00
3	Thur.	Oct-04-2018	20:00-22:00
4	Thur.	Oct-11-2018	20:00-22:00
5	Tue.	Oct-23-2018	20:00-22:00

(\*) To be determined