

Financial Economics – HEC Paris – L3 – Fall 2012

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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: Portfolio theory and the Capital Asset Pricing Model (CAPM).

Course Materials

Students will be provided with two documents: One that contains lecture notes, and another one with exercises and their solutions.

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).

Additional Book

Berk Jonathan and DeMarzo Peter (2011), Corporate Finance, Pearson Education, 2nd Edition.

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/fifteen minutes of classes 5, 7, 9 and 11. You will need a pocket calculator. The use of class material, laptop computers and self phones is not allowed. There will be no make-up quizzes under any circumstance.

Grades

4 in-class Quizzes	100 points (25 points each)
Final Exam	200 points (2 hours)
Total Class Grade	300 points

Tentative course schedule

Chapters		Quizzes	
Lecture 1	Monday 17/09/2012	Introduction	
Lecture 2	Tuesday 18/09/2012	The Time Value of Money	
Lecture 3	Thursday 20/09/2012	The Time Value of Money	
Lecture 4	Tuesday 25/09/2012	Interest Rates	
Lecture 5	Wednesday 26/09/2012	Capital Budgeting	Quiz 1 The Time Value of Money & Interest Rates
Lecture 6	Thursday 27/09/2012	Capital Budgeting	
Lecture 7	Tuesday 02/10/2012	Risk, Return and Diversification	Quiz 2 Capital Budgeting
Lecture 8	Thursday 04/10/2012	Risk, Return and Diversification	
Lecture 9	Tuesday 09/10/2012	Portfolio Choice & CAPM	Quiz 3 Risk, Return and Diversification
Lecture 10	Thursday 11/10/2012	Portfolio Choice & CAPM	
Lecture 11	Tuesday 16/10/2012	Portfolio Choice & CAPM	
Lecture 12	Thursday 18/10/2012	Review session	Quiz 4 Portfolio Choice & CAPM

FINAL EXAM: 10/22