

## Course Outline

<b>Course number</b>	RBB236					
Course title	Financial Economics					
Credit points	6 ECTS (4 CP)					
Total hours	64					
Lecture hours	38					
Seminar and other hours	26					
Course level	Bachelor					
Prerequisites	Business Accounting, Financial Accounting, Macroeconomics					
Category	<b>Mandatory</b>	<b>X</b>	Restricted elective		Free elective	

### COURSE RESPONSIBLE

<i>Name</i>	<i>Academic degree</i>	<i>Academic position</i>
Natalja Tocolovska	PhD	Assistant Professor

### COURSE TEACHERS

<i>Name</i>	<i>Academic degree</i>	<i>Academic position</i>
Natalja Tocolovska	PhD	Assistant Professor

### COURSE ABSTRACT

This course is an introduction to the main topics of Finance. Financial Economics is typically divided into two broad areas: Corporate Finance and Financial Markets. For Corporate Finance, we will start by introducing the tools to discount and evaluate risky investment decisions. Once having learned those tools, we can apply them to choose between different risky investments, a process called capital budgeting. For the Financial Markets, we will introduce the financial instruments present in the market, learn how to value them as well as analyse the way investors construct their portfolios and how this leads to the notion of equilibrium asset pricing. We also will learn the way financial markets function in light of investor behaviour.

The course contains lectures and seminars. The lectures will cover the theoretical material and will be followed by practical seminars when the problems will be solved and solutions discussed

and analysed. To prepare for the upcoming seminar, students need to read the chapters stated in the course outline. The lecture readings are stated in the course outline of this course. During this course, we will combine both theory and problem-solving to ensure the best grade.

### **GRADING CRITERIA**

<b>Criteria</b>	<b>Weighting</b>
Case Study 1 (CS1)	30%
Case Study 2 (CS2)	30%
Exam	40%

### **COURSE PLAN – MAIN SUBJECTS**

<b>No.</b>	<b>Main subjects</b>	<b>Planned hours</b>
1	Time Value of Money and Interest rates	10
2	Capital Budgeting	16
3	Capital Structure and Valuation in Perfect Markets	8
4	Financial Markets, Valuing Stocks and Bonds	18
5	Pricing of Risk	12