IB9MX-15 Foundations of Finance

26/27

Department
Warwick Business School
Level
Taught Postgraduate Level
Module leader
Yurii Handziuk
Credit value
15
Module duration
10 weeks
Assessment
20% coursework, 80% exam
Study location
University of Warwick main campus, Coventry

Description

Introductory description

The main aim of this module is to introduce students to Finance in general and in particular to modern theories and practices of Asset Pricing and Financial Management. The key is the modelling and measurement of uncertainty (risk), how investors make decisions in the presence of such uncertainty, and how such behaviours drive both time series and cross-section of asset prices and returns in equilibrium.

Module web page

Module aims

The module is designed specifically for MSc in FinTech students and builds on their unique background profile. The main objectives are to develop 1. A general understanding of financial markets, their functions and roles; introduce and describe main financial instruments; 2. a solid understanding of the theoretical framework, 3. the ability to interpret and critically evaluate existing and new theoretical and empirical literature, and 4. the skills and methodologies to apply the theory to practical problems, such as for example to 4.a) build empirical tests to validate different models, 4.b) implement strategies for optimal asset allocation or risk management, and to 4.c) devise and implement methods to assess the performance of such strategies. As the main foundation module of the programme, this module is closely integrated with the other Term 1 core

modules (for example, the Big Data Analytics module, where main statistical techniques necessary for handling financial data will be developed).

Outline syllabus

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

Financial Markets and Principles of Valuation

Fixed Income Securities

Portfolio Theory. Risk and Returns

CAPM

General (Multi-)Factor Models

Capital Budgeting

Derivatives Markets

Market Efficiency Hypothesis

Learning outcomes

By the end of the module, students should be able to:

- Demonstrate an in-depth understanding of the structure and functions of financial markets as well as the roles and features of financial instruments;
- Define and explain, intuitively and formally, the fundamental trade-off between risk and return, and how this can be modelled and quantified.
- Critically explain how individuals make decisions in the presence of uncertainty, and how these affect asset prices and returns in equilibrium
- Critically evaluate empirical research

Indicative reading list

Reading lists can be found in Talis

Research element

Research element will be included during the group project, where the students have to identify the most relevant methodology to perform the task and critically review the existing literature.

Interdisciplinary

Given that the nature of the programme is inherently interdisciplinary, links to other disciplines, such as statistics, computer science will arise naturally throughout the module.

International

Finance is a global discipline, so many examples and cases will naturally involve global and international markets, e.g., concept of diversification requires to build an investment portfolio globally.

Subject specific skills

Design and implement empirical methodology to a) estimate the parameters of, and b) assess the validity of, a variety of asset pricing models;
Design and implement optimal strategies for asset allocation or risk management; devise and apply measures of performance of such strategies
Use a variety of quantitative and statistical tools to analyse data and implement/assess quantitative solutions to problems in Finance
Claims in both static and dynamic models

Transferable skills

Demonstrate academic writing skills

Study

Study time

Type	Required
Lectures	10 sessions of 2 hours (13%)
Seminars	10 sessions of 1 hour (7%)
Practical classes	(0%)
Online learning (scheduled sessions)	(0%)
Private study	48 hours (32%)
Assessment	72 hours (48%)
Total	150 hours

Private study description

Private study to include preparation for lectures/ seminars/ workshops [delete as applicable] and own reading

Costs

No further costs have been identified for this module.

Assessment

You do not need to pass all assessment components to pass the module.

Assessment group D1

	Weighting	Study time	Eligible for self-certification
Assessment component			
in-class test - 20 minutes	20%	14 hours	No
Reassessment component is the same			
Assessment component			
Centrally-timetabled examination (On-campus) Written Exam	80%	58 hours	No

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- Answerbook Pink (12 page)
- Students may use a calculator

Reassessment component is the same

Feedback on assessment

via my.wbs

Past exam papers for IB9MX

Availability

There is currently no information about the courses for which this module is core or optional.