IB9U0-15 Financial Management

26/27

Department
: Warwick Business School

Level
: Taught Postgraduate Level

Module leader
: Roman Kozhan

Credit value
: 15

Module duration
: 10 weeks

Assessment
: 20% coursework, 80% exam

Study location
: University of Warwick main campus, Coventry

Description

Introductory description

This module is designed to provide students with the background of financial aspects of managerial decisions. We will cover several areas of finance, including the valuation of real and financial assets, risk management and financial derivatives, the trade-off between risk and expected return.

Module web page

Module aims

The module aims to provide students with an in-depth understanding of and key skills in:

1. how to manage the trade-off between maximising expected return and minimising risk for portfolios of securities.
2. the valuation of bonds and equities, selection of securities and optimal portfolio strategies through time
3. basic asset pricing models (like CAPM) and their tests

While the theoretical underpinnings will not be neglected, the emphasis of the course will be on implementation of the theory i.e. financial management in practice.

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.

Introduction: Markets, "Players", Asset Classes
Portfolio Management: Portfolio Construction (Mean-Variance Optimization)
Asset Pricing Models: CAPM
Asset Pricing Models: Arbitrage Pricing Theory
Market Efficiency
Bonds: Interest Rate / Credit Risk, Strategies (based on issues relating to sustainability of firm governance, greed bonds issuance)
Derivatives: futures and options markets
Derivatives: basic valuation and hedging strategies
Portfolio Performance Measurement

Learning outcomes

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

- Demonstrate a deep understanding of the theory and practice of asset pricing, optimally combining securities into portfolios, institutional understanding of security markets, and some of the issues that a fund manager faces in putting theory into practice.
- Demonstrate a deep understanding of the theoretical and applied literature on modern portfolio management and investment analysis
- Demonstrate understanding of the vital importance of portfolio construction and diversification of risk
- Demonstrate an understanding of how better investment decisions can be made
- Use a variety of sources to acquire data to investigate a given research hypothesis.
- evaluate the relevance and practical application of established paradigms and theories
- critically appraise the concept of market efficiency and its implication for investment professionals
- Analyse real world events, case studies and/or data, in the context of a given theoretical framework.

Indicative reading list

[Reading lists can be found in Talis]

International

Financial management involves international corporations, business, and international markets.

Subject specific skills

Evaluate issues pertaining to financial management
Perform calculation of net present value of different examples of cash flows, propose tradable risk management and arbitrage strategies
Perform basic data manipulations and analyses relevant to financial management, use

spreadsheet or other suitable software to perform complex calculations and to visualise and analyse data

Transferable skills

Demonstrate problem solving skills
Demonstrate written communication skills

Study

Study time

Type	Required
Lectures	10 sessions of 1 hour (7%)
Seminars	9 sessions of 1 hour (6%)
Other activity	10 hours (7%)
Private study	49 hours (33%)
Assessment	72 hours (48%)
Total	150 hours

Private study description

Self study to include pre-reading for lectures and seminars

Other activity description

1 hr per week will be either a face to face lecture or asynchronous tasks with either online or face-to-face support

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 D4

	Weighting	Study time	Eligible for self-certification
Assessment component			
Class test 45 mins	20%	14 hours	No
Reassessment component is the same			
Assessment component			
Centrally-timetabled examination (On-campus) • Answerbook Pink (12 page) • Students may use a calculator	80%	58 hours	No
Reassessment component is the same			

Feedback on assessment

Feedback via My.WBS

Past exam papers for IB9U0

Availability

Courses

This module is Core for:

- Year 1 of TIBS-N1F5 Postgraduate Taught Business and Finance