Syllabus - Introduction to Finance

Course website: https://sebastien-laffitte.eu/teaching_intro.html

1. Course description

This course provides the basic tools and concepts at the core of finance. The topics covered include: description of the financial environment and how finance participates to the economy, the objective of the company, the analysis of financial statements, the time value of money, bonds and stock valuation, risk and return, Portfolio management, Capital Asset Pricing Model, Cost of Capital.
The course includes insights about sustainability and green objectives, and how they interact with finance.

2. Learning Outcomes

The course objectives are to provide an introduction to the key concepts of finance and to apply them to different situations. At the end of the course the students should be able to use the qualitative and quantitative tools presented in the course in different contexts. In particular, they should be able to:

- read and analyze financial statements,
- compute the present and future value of different types of projects,
- value bonds and stocks,
- select and use an investment selection method,
- understand the role of risk in portfolio selection and the connection between risk and return,
- understand and use the CAPM.

3. Outline

The course is composed of 8 sessions of 3 hours.

- **Introduction**
- **Objective of the company and analysis of financial statements**
- **The time value of money**
- **The cost of capital and capital structure**
- **Investment strategies and investment selection**
- **Portfolio theory**
- **Valuation**

4. Reading List

Textbooks

Reading is not mandatory. These textbooks provide many interesting and important resources for the course.

- Principles of Corporate Finance, Brealey, Myers, and Allen, 2020
- Introduction to Finance. Markets, Investments, and Financial Management, Melicher and Norton, 2017

5. Assessment

The grading will be based on a grade from a midterm exam (1/3), and a final exam (2/3). Additional points will be allocated during in-class exercise sessions.

The midterm will be organized the 19th of October and the final exam the 23th of November, during the last session.