



## **Financial Economics**

Syllabus

Fall 2022

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#### **1. Overview**

This course provides an introduction to Finance. After a brief description of the financial system, we will learn how to compare and evaluate streams of money received at different points in time (**time value of money**). Time value of money is crucial for evaluating investment projects: be it within companies (often called **capital budgeting**), for personal life choices (e.g., buying or renting an apartment), or for assessing how much to spend to mitigate damages from future climate change. We will next study how to assess the expected return and risk of a portfolio of financial assets. In this context, we will also discuss the pros and cons of different investment strategies that consider Environmental, Social, and Governance (ESG) factors. Finally, we introduce an important pillar of finance theory: the **Capital Asset Pricing Model** (CAPM).

#### **2. Course Material**

You will receive an online reader with exercises that complement the lectures as well as soft copies of lecture slides. All course materials (lecture notes, problem sets, sample quizzes etc.) will be made available in Blackboard.

#### **3. Reference Books (with HEC Library call numbers)**

Finance by Bodie & Merton (BOD-5) [available in English and French]  
Investments by Bodie, Kane & Marcus (BOD-5-712) [available in English]

#### **4. Course Organization & Grades**

On-site Final Exam	200 points
4 In-class Quizzes	100 points (25 points each)
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Total Class Grade	300 points

Lectures are held face-to-face and are conducted in English. Attendance is required. Be on time for class!

## **5. Quizzes and Exam**

We will hold four **Blackboard quizzes** during class to encourage you to work in a timely manner. Quizzes are always held at the beginning of a class and they take place on the dates indicated below. There will be no make-up quizzes. If you fail to take a quiz without a valid excuse, you will get zero points. Likewise, if you fail to take the final exam without a valid excuse, you get an F and will have to repeat the course. There are three valid excuses: being sick (medical attestation required), a driving license test or loss of a close family member. If you miss a quiz with a valid excuse, you will be exempted from this quiz, implying that your other points will be appropriately rescaled.

The **Blackboard final exam** is scheduled to take place on Oct 20, 10:30-12:00. The exam is 90 minutes and takes place on-site (i.e., you take the exam in a pre-assigned room). The exam is closed book, but you are allowed to bring one Din-A4 “cheat” sheet to the exam, on which you can write or print anything you like (on both sides).

Both the quizzes and the final exam will be taken on **Blackboard** with the aid of the **Respondus** software. This software blocks your screen so that you have only access to one web browser through which you launch the test. To take the quizzes and the exam, you have to install the Respondus software on your **laptop** by clicking on this download link:

<https://download.respondus.com/lockdown/download.php?id=458141272>

After having installed the software, you can access the quiz/exam by double-clicking on the Respondus desktop icon. You will land on the Blackboard login page (use your HEC logins). You can then navigate to your Financial Economics course to launch the quiz/exam.

## **6. Calculator**

To solve the quizzes and the exam, you need to have a calculator that can take power and logs. Cell phones, tablets, and laptops are NOT permitted as a calculator for the quizzes or the exam.

## **7. Online Office Hours**

I offer additional online office hours (via Zoom). I plan to hold them **each Friday from 11am-12pm**, and I will always inform you about them in the preceding class. You can email me your questions beforehand, or you can ask them directly during the Zoom meeting.

To join the Zoom Office hour, please use the link:

<https://hec-fr.zoom.us/j/97999803828>

(Meeting ID: 979 9980 3828)

## **8. Accompanying Tutorial**

There is an accompanying tutorial held by PhD student Mian LIU ([mian.liu@hec.fr](mailto:mian.liu@hec.fr)). These tutorials are meant for students who struggle with the basic material and mathematical calculations. Tutorials will be held on Zoom. The tentative dates for the tutorials are indicated below.

To join the Zoom Tutorial, please use this link:

<https://hec-fr.zoom.us/j/99474948900?pwd=TGpJNStqeFdDOFRHSVUxeThaekJzUT09>

(Meeting ID: 994 7494 8900; Passcode: 632180)

## 9. Tentative Course Schedule

Lecture	Date	Day	Topic Covered	Quizzes
1	Sep 6	Tue	Introduction	
2	Sep 8	Thu	Time Value of Money	
3	Sep 13	Tue	Capital Budgeting	
4	Sep 15	Thu	Capital Budgeting	Quiz 1
5	Sep 20	Tue	Capital Budgeting	
6	Sep 22	Thu	Risk & Return	Quiz 2
7	Sep 27	Tue	Portfolio Theory	
8	Sep 29	Thu	Portfolio Theory	
9	Oct 4	Tue	Portfolio Theory	Quiz 3
10	Oct 6	Thu	CAPM	
11	Oct 11	Tue	CAPM	Quiz 4
12	Oct 18	Tue	CAPM / Review	
<b>Final Exam</b>	<b>Oct 20</b>	<b>Thu</b>		

Tutorial	Date	Day	Time	Venue
1	Sep 13	Tue	8-10pm	Online (Zoom)
2	Sep 20	Tue	8-10pm	Online (Zoom)
3	Sep 29	Thu	8-10pm	Online (Zoom)
4	Oct 6	Thu	8-10pm	Online (Zoom)
5	Oct 18	Thu	8-10pm	Online (Zoom)

Office Hour	Date	Day	Time	Venue
1	Sep 9	Fri	11am-12pm	Online (Zoom)
2	Sep 16	Fri	11am-12pm	Online (Zoom)
3	Sep 23	Fri	11am-12pm	Online (Zoom)
4	Sep 30	Fri	11am-12pm	Online (Zoom)
5	Oct 7	Fri	11am-12pm	Online (Zoom)
6	Oct 14	Fri	11am-12pm	Online (Zoom)