

Course Title	INTRODUCTION TO FINANCE			
Course Code	MBA 510			
Course Type	FOUNDATION (PRE-CORE)			
Level	MASTER			
Year / Semester	Pre-Year 1 and Pre-Semester 1			
Teacher's Name	Polina Ellina/Soteria Charalambous			
ECTS	6	Lectures / week	3	Laboratories / week
Course Purpose and Objectives	<p>This is a core class that offers the basic concepts and tools necessary to understand how financial markets work, and how financial instruments are used for sound investment decisions. This knowledge is especially important in the present environment, in the aftermath of the Financial Crisis of 2007-2009, and during the ongoing debt crisis in Europe. Topics covered include the following: models of risk and return; time value of money and net present value; market efficiency, anomalies, and behavioral finance; asset allocation and modern portfolio theory; bonds and interest rates, forwards and futures, options; the structure and performance of the money management industry: pension funds, mutual funds, hedge funds. Effort will be made to relate the course material to current financial issues and problems relevant to practitioners</p>			
Learning Outcomes	<p>Upon the successful completion of this course, students will be able to understand:</p> <ul style="list-style-type: none"> • The basic tradeoff between risk and (expected) return, and how it applies to various types of financial instruments: stocks, bonds, futures, options. • The time value of money (TVM) and net present value (NPV), and their connection to the discount rate (cost of capital), and the risk premium of a financial asset. • The two main models of asset pricing: the Capital Asset Pricing Model (CAPM) and Arbitrage Pricing Theory (APT). How do we compute the cost of capital/risk premium? • Market efficiency and arbitrage. Are markets efficient, or are they dominated by irrational investors? Are prices predictable? • Diversification: how to select a portfolio of securities that maximizes return while minimizing risk. How does diversification work in practice? • Financial instruments: bonds, stocks, currencies, and derivatives (futures, options, swaps). How are these related to interest rates, risk hedging, speculation, or volatility? 			

	<ul style="list-style-type: none"> The money management industry and its key players: pension funds, mutual funds, and hedge funds. Do they have any superior investment skills? 		
Prerequisites	NONE	Required	
Course Content	<p>Finance Fundamentals</p> <ul style="list-style-type: none"> Risk and Return Time Value of Money and Net Present Value Asset Pricing Models: CAPM and APT Market Efficiency and Arbitrage Modern Portfolio Theory and Diversification. <p>Applications to Financial Markets</p> <ul style="list-style-type: none"> Practical Asset Allocation Bonds and Interest Rates Derivatives: Futures and Options Money Management Industry: Structure and Performance 		
Teaching Methodology	<p>We combine lectures, classroom discussions, readings, and cases, to strengthen your understanding of basic topics, and to sharpen your analytic and problem solving skills. The course presents a thorough conceptual framework for understanding financial markets, yet at the same time offers much practical knowledge. The course is therefore challenging, and requires a significant amount of work outside of class in order to get most out of it</p>		
Bibliography	<ul style="list-style-type: none"> Melicher, R.W. and Norton, E.A. (2021). Introduction to Finance: Markets, Investments, and Financial Management. Wiley, 16th Edition. 		
Assessment	Participation	10%	
	Midterm Exam	30%	
	Practical sessions (Workshops)	20%	
	Final Exam	40%	
Language	English		