

FINANCIAL MARKETS AND CORPORATE FINANCE (m63103p)

Instructors: L.ROBOLIS – G.CHALAMANDARIS

Core Course, 1st semester, 5 ECTS units

Course level: Graduate (MSc)

Language: Greek

Course Description

The goal of this course is twofold: First, to describe the main financial markets and instruments and, second, to analyze corporate decisions from a financial perspective. With respect to the first subject, the course focuses on money-market, capital and debt markets. With respect to the second, the course concentrates on investment and financing decisions, valuation, and the treatment of risk. Topics to be studied are the time-value of money, exchanges and Over-The-Counter Markets, law of one price, net present value rule, capital budgeting techniques and the estimation of the cost of capital. It also studies the valuation of stocks and bonds, the risk-return trade-off, the capital structure and its relationship with the value of the firm as well as the dividend policy of corporations.

Prerequisites

The course is an introduction in Finance; therefore, it does not have prerequisites other than basic knowledge of mathematical calculus, probability theory and statistics.

Target Learning Outcomes

On completing the course participants will:

- Be familiar with the different types of financial markets.
- Know the main principles for pricing financial securities and use them for analyzing and hedging financial risks.
- Understand how projects are valued, and will be able to use the key capital budgeting techniques (NPV and IRR)
- Know how firms raise capital from the market, and how stocks and bonds are priced.
- Understand how risk affects the value of the asset in equilibrium, and how this affects, in turn, the company cost of capital.
- Understand the trade-off firms face between tax advantages of debt and various costs of debt.
- Be able to explain and use the capital structure theory in order to determine the optimal capital structure.

Recommended Bibliography

- Brealey, Myers and Allen, "Principles of Corporate Finance", McGraw-Hill 11th ed. 2014.
- Damodaran, "Corporate Finance: Theory and Practice", Wiley 2nd ed. 2001.

- Copeland, Weston, and Shastri, “Financial Theory and Corporate Policy”, Addison-Wesley 4th ed. 2005.
- Bodie, Merton and Cleeton, “Financial Economics”, Pearson 2nd ed. 2011.
- Fabozzi, “Capital Markets: Institutions, Instruments, and Risk Management”, (The MIT Press), Fifth Edition, 2015.

Teaching and Learning Activities

One three-hour lecture per week, study theory and practice in empirical exercises as homework.

Assessment and Grading Methods

The final grade comes from the final examination.