## Principles of Finance

**Course title**: Principles of Finance  

**Instructor**: Prof. Dr. Eva Lütkebohmert-Holtz  

**Semester**: First year  

**ECTS (credit points)**: 6  

**Contact hours (SWS)**: 2+2 (lecture/tutorial)  

### Prerequisites

- **Learning target/qualification**: Introduction to basic concepts of asset pricing and the valuation of contingent claims.

### Content

This course introduces the basic concepts of asset pricing and the valuation of contingent claims. Asset pricing in complete markets generates strong results such as information efficiency and the concepts of a market portfolio and a market price of risk. Moreover, in dynamically complete markets simple arbitrage techniques allow to value derivatives such as options. Empirically, however, the predictions based on complete markets are often rejected. So-called anomalies suggest that many – if not most – real markets are incomplete. Therefore, the lecture also introduces elements of valuation in incomplete markets when the property of equilibrium prices to communicate private information is rather limited.

### Exam type

120 min. written examination at the end of the semester

### Literature


### Additional Information & Links

- Course outlines, dates, and further information can be found on the web page of the department: [http://finance.uni-freiburg.de](http://finance.uni-freiburg.de)