

INTEGRATED MASTER PROGRAM (IMP)
MEP Master of Economics and Politics

MF Master of Finance

MIE Master of Internet Economics

Course title	Principles of Finance		
Professor	Prof. Dr. Eva Lütkebohmert-Holtz	Semester	2nd
ECTS (credit points)	6	Contact hours (SWS)	2+2
Prerequisites			
Learning target/ qualification	Introduction to basic concepts of asset pricing and the valuation of contingent claims.		
Content	<p>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.</p>		
Exam type	120 min. written examination at the end of the semester		
Literature	<p>Cochrane "Asset Pricing." Princeton University Press, 2005. Campbell, Lo, MacKinlay "The econometrics of financial markets." Princeton Univ. Press, 1997. Bodie, Kane, Marcus "Investments and Portfolio Management." McGraw-Hill, 2011. Elton, Gruber, Brown, Goetzman "Modern Portfolio Theory and Investment Analysis", 6th Edition, John Wiley & Sons, 2003. Gitman "Principles of Managerial Finance", 11th Edition, Addison-Wesley, 2006. LeRoy, Werner "Principles of Financial Economics", Cambridge University Press, 2001.</p>		
Additional Information & Links	http://www.finance.uni-freiburg.de/		