

**New York University
Stern School of Business**

Foundations of Finance COR1-GB 2311 60
Summer 1 | 2024

Instructor	Matteo Crosignani
Class time	M/W 6:00pm-9:00pm (KMEC 3-50)
Email	mc4241@stern.nyu.edu
Office Hours	Fridays, 5:00-6:00pm (zoom link)
TA	Ethan Cohen (ebc5816@stern.nyu.edu) TA Office Hours: Thursdays, 5:00-6:00pm (zoom link)

Course Description

This course is about financial markets and how financial assets (securities) are valued and traded. We will analyze the three main asset classes: equities (portfolio management, equilibrium pricing, and valuation), bonds (focus on Treasuries), and derivatives (call and put options, forwards and futures). For each type of financial asset, the course answers four questions: What is the payoff from holding the asset? Where and how is the asset traded? How is the asset valued? How is the asset used? The course introduces and expands upon several important theories for valuing assets such as the CAPM and no-arbitrage pricing.

We will apply these tools to current events such as IPOs, the Fed, and whatever else comes our way. The goal of the course is to give you a solid understanding of how financial markets work and how to make sound investment decisions.

Prerequisite:

While the course is largely self-contained, students need to be comfortable with basic statistics, basic algebra, and microeconomics. Students are strongly encouraged to study the review handout on statistics at the beginning of the semester (available on the class website).

Grading

Your grade will be based on sets of concept questions and problem sets, a midterm exam, and a final exam as follows:

Participation	5%
Four homework assignments.	15%
Midterm	35%
Final	45%
Total	100%

The final exam will cover the entire course.

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have adopted a grading guideline for core courses with enrollments of more than 25 students in which approximately 35% of students will receive an “A” or “A-” grade.

Assignments

Exams: The midterm exam will be in class on June 10. The final exam will be on June 27. There will be no makeup exams, so please keep these dates free.

There are four homework assignments. The due dates are as follows:

- Homework 1: Tuesday, May 28 at 11:59pm
- Homework 2: Tuesday, June 4 at 11:59pm
- Homework 3: Sunday, June 16 at 11:59pm
- Homework 4: Tuesday, June 25 at 11:59pm

Solutions will be available on the Brightspace course site after the due date. You can work on the problem sets in groups, but each group member must hand in their own solution to receive credit.

Participation: After each class, I will post multiple-choice concept questions on the course website. I will not grade them for correctness but completing them within seven days from the class day will contribute to your participation grade. After you have reviewed the material, it should take you no more than 15 minutes to complete the concept questions.

Calculator and Software: You need a calculator for this class. Please make sure it can handle logarithms and exponentials. It is not required to have a financial calculator. At least one problem in each HW assignment requires you to use Excel. Every student at Stern is expected to be comfortable with Excel and every Finance Specialization student is expected to have knowledge of Excel that extends beyond basic familiarity.

Class Website

All the teaching material including slides, handouts and homework problems will be posted on NYU Brightspace. The class web site also contains some finance links and articles.

Reading materials:

The main class material is the PowerPoint slides that I will use in class, handouts with important topics covered in class, problem sets, and practice exam questions.

In addition to the posted materials, I recommend, but do not require, “Essentials of Investments” by Zvi Bodie, Alex Kane, Alan Marcus, 12th edition (prior editions are fine too). There are multiple different purchase options for this book. There is a hardcover available at NYU bookstore. Additionally, there are multiple options available on the publisher’s website: e-book rental/purchase, physical loose-leaf book purchase, and a “Connect” e-book that gives you access to more practice problems. There is also a solutions manual available.

Academic Integrity

Academic integrity and honesty is central to our mission as an educational institution. [The MBA Code of Conduct](#), which all students sign, therefore places particular emphasis on academic integrity. Notably this includes refraining from any method or means that provides an unfair advantage in exams or papers, and clearly acknowledging the work of others in your own work. As a reminder, the [entire Code of Conduct is available here](#).

Student Accessibility

New York University is committed to providing equal educational opportunity and participation for students with disabilities. Students who are interested in applying for academic accommodations are advised to reach out to the Moses Center for Student Accessibility (CSA) as early as possible in the semester. If you already receive accommodations through CSA, you are encouraged to request your accommodation letters through the Moses portal as soon as possible.

Moses Center for Student Accessibility (CSA), 212-998-4980, mosescsa@nyu.edu, www.nyu.edu/csa

If you will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the Moses Center for Student Accessibility (212-998-4980, mosescsa@nyu.edu) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the Moses Center for Student Accessibility, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation. For more information, visit the CSA website: <https://www.nyu.edu/students/communities-and-groups/student-accessibility.html>

Student Wellness

Classes can get stressful. I encourage you to reach out if you need help. The NYU Wellness Exchange offers mental health support. You can reach them 24/7 at 212 443 9999, or via the “NYU Wellness Exchange” app. There are also drop-in hours and appointments. Find out more at <http://www.nyu.edu/students/health-and-wellness/counseling-services.html>

Session Details

(BKM chapters based on 11th edition)

Date	Topic	Assignment
Class 1 W 5/15	Introduction; Financial Instruments and Markets; Performance of Securities (1)	Syllabus; Handouts: Statistics Review, H0, H1, H2, H3, H4. BKM: 1.1-1.5; 2.1-2.4.
Class 2 M 5/20	Performance of Securities (2)	Handouts: H5, H6, H7. BKM: 3.1-3.2; 5.1
Class 3 W 5/22	Portfolio Choice (1)	Handouts: Statistics Review, H8, H9, H10, H11. BKM: 6.1, 6.2.

Homework 1 due Tuesday 5/28 11:59pm

Class 4 W 5/29	Portfolio Choice (2)	Handouts: H12, H13. BKM: 6.3-6.5.
Class 5 M 6/3	CAPM	Handouts: H14. BKM: 7.1-7.4.

Homework 2 due Tuesday 6/4 11:59pm

Class 6 W 6/5	Market Efficiency and Review	BKM: 8.1-8.4.
Class 7 M 6/10	Midterm Equity Valuation (1)	Handouts: H15. BKM: 13.1-13.3
Class 8 W 6/12	Equity Valuation (2)	Handouts: H16, H17. BKM: 13.3.

Homework 3 due Sunday 6/16 11:59pm

Class 9 M 6/17	Fixed Income Securities	Handouts: H18, H19, H20, H21, H22. BKM: 10.1-10.6.
Class 10 M 6/24	Yield curve, Interest Rate Risk Management; Options.	Handouts: H23, H24, H25, H26, H27. BKM: 11.1-11.3; 15.1-15.3; 16.1.

Homework 4 due Tuesday 6/25 11:59pm

Class 11 W 6/26	Review class	
T 6/27	Final Exam	