



# Exchange programme Vrije Universiteit Amsterdam

Vrije Universiteit Amsterdam - Exchange programme Vrije Universiteit Amsterdam - 2024-2025

## Exchange

Vrije Universiteit Amsterdam offers many English-taught courses in a variety of subjects, ranging from arts & culture and social sciences, neurosciences and computer science, to economics and business administration.

The International Office is responsible for course approval and course registration for exchange students. For details about course registration, requirements, credits, semesters and so on, please [visit the exchange programmes webpages](#).

# Finance

Course Code	E_IBA2_FIN
Credits	6
Period	P2
Course Level	200
Language Of Tuition	English
Faculty	School of Business and Economics
Course Coordinator	dr. M.B.J. Schauten
Examiner	dr. M.B.J. Schauten
Teaching Staff	dr. M.B.J. Schauten, F.J. Henneken MSc
Teaching method(s)	Lecture, Written partial exam, Study Group

## Course Objective

### ACADEMIC AND RESEARCH SKILLS

#### ACADEMIC SKILLS (THREE AS)

After successfully completing this course, the student

- can analyze and demonstrate an understanding of problems in financial economics from different perspectives (Analysis);
- is able to recognize fundamental structures and to leave out irrelevant information (Abstraction).

### BRIDGING THEORY AND PRACTICE

KNOWLEDGE: Demonstrates theoretical and empirical knowledge concerning the relevant areas in international business administration After successfully completing this course, the student is:

- able to apply the net present value method;
- able to explain the the pros and cons of alternative investment selection methods;
- able to explain the value of a security (share / bond);
- able to determine the risk and return characteristic of a portfolio of securities;
- able to designate efficient portfolios;
- able to determine the cost of capital of a project on the basis of of the CAPM;
- able to explain what is meant by the efficient market hypothesis and you understand what the implications of an efficient market are;
- able to explain and apply basic concepts in financial economics.

APPLICATION: Can propose a solution to an international real-life business problem by applying relevant theories and methodologies.

After successfully completing this course, the student is:

- able to apply theoretical knowledge into practice.

## Course Content

The performance of a corporation depends on how well managers succeed in creating shareholder value. We show you how to use tools that are offered by financial theory and help you just doing that: creating value. In this course we discuss three main issues in finance: capital budgeting, asset pricing and financial investments. The capital budgeting decision involves how firms select projects that create value. The theoretically optimal decision rule—the net present value method—is discussed, also in relation to other selection criteria that are applied in practice. The asset pricing part concerns the way financial assets are priced by the market. The focus is on the pricing of shares issued by firms and bonds issued by firms and governments. Questions raised are: How are the term structure of interest rates and promised coupon payments related to bond prices? What is the influence of the expected stream of dividends and the level of market risk of firm's projects on the price of shares? The financial investment decision is approached from a portfolio perspective and ends with a discussion of the Capital Asset Pricing Model (CAPM).

## Additional Information Teaching Methods

Lectures Tutorials

## Method of Assessment

Written exam

(Interim) tests – individual

Participation assignments

## Literature

Required reading:

1. J. Berk en P. DeMarzo, Corporate Finance, Pearson, latest edition.  
(This book is also mandatory in the elective Corporate Finance - A Sustainability Perspective - period 2.5).
2. Finance, Text- and Workbook, latest edition, this book is available through VU bookstore.

Additional (required) materials will be announced via Canvas.

## Recommended background knowledge

1.1 Business Mathematics or equivalent