



# 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 I

Course Code	E_EBE1_FIN1
Credits	6
Period	P5
Course Level	100
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
Teaching method(s)	Lecture, Written partial exam, Study Group

## Course Objective

After successfully completing this course you are able to examine and understand the capital budgeting problem, the asset pricing problem and the investment problem from the perspective of an investor in real assets and from the perspective of an investor in financial assets. More specifically, you are able to:

- explain and apply basic concepts in financial economics (Bridging Theory and Practice - knowledge);
- analyse a real project from the perspective of financial economics (Bridging Theory and Practice - knowledge);
- determine the value of financial assets such as shares and bonds (Bridging Theory and Practice - knowledge);
- combine individual financial assets into a portfolio of financial assets and select an optimal portfolio given an investor's utility function (Bridging Theory and Practice - knowledge);
- determine the cost of capital of a project and of a firm (Bridging Theory and Practice - knowledge);
- apply theoretical knowledge into practice (Bridging Theory and Practice - application).

## Course Content

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 and Tutorials

## Method of Assessment

Written exam – Individual assessment  
(Interim) Assignment(s) – Individual assessment

## Literature

- J. Berk and P. DeMarzo, Corporate Finance, Pearson, latest Global Edition.
- Finance, Text- and Workbook, latest edition.
- Additional material will be announced on Canvas.

## Recommended background knowledge

Quantitative Research Methods I or equivalent