

Applied Financial Theory

Center for European Studies

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Full course description

This course provides a comprehensive introduction to the principles of modern finance theory, using an experiential learning method. Through group-based management of a paper-dollar portfolio, students will gain insight into the characteristics of equity investments, fixed-income securities, derivatives, and commodities, as well as the nuances of trading them in real-world markets.

In addition to hands-on experience, the course emphasizes important theoretical concepts, such as the efficient market hypothesis, Capital Asset Pricing Model, and optimal portfolio choice, to equip students with the appropriate trading and investment criteria. By the time of their final presentations, students will be well-prepared to effectively communicate their investment strategies and outcomes, showcasing their newfound knowledge and skills in the realm of finance.

Course objectives

Through a deep understanding of these foundational principles, students will be equipped with the necessary trading and investment criteria to make sound financial decisions. This skillset prepares them for the role of a portfolio manager in an efficient market, allowing them to build portfolios tailored to the specific needs of individual investors.

Furthermore, the course content offers a substantial background knowledge that serves as a solid foundation for several advanced finance courses. Whether pursuing a career in finance or seeking to further explore the intricacies of the financial world, students will find that the knowledge gained in this course lays a strong groundwork for future success.

Prerequisites

An advanced level of English and high school math

Recommended reading

TITLE: Corporate Finance, plus MyFinanceLab with Pearson eText, Global Edition

AUTHOR: Berk & De Marzo

EDITION: 5th edition / 2019

FIN2001

Period 2

28 Oct 2024 - 20 Dec 2024Period 5

7 Apr 2025 - 6 Jun 2025

ECTS credits:

6.0

Instruction language:

English

Coordinator:

[J. Kretschmer](#)

Keywords:

Financial theory, retail investing, efficient market hypothesis, Capital Asset Pricing Model, hedging, optimal portfolio choice