

Syllabus

Financial markets

Approved by the Academic Council
of the Basic Higher Education Programme.
25.07.2019, prot. № 4.

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1. Course Description

- a. Title of a Course: **Financial markets**
- b. Pre-requisites: English (Upper Intermediate)
- c. Abstract:

This course covers the fundamentals of strategic financial management, including financial accounting, investments, and corporate finance. You will learn to evaluate major strategic corporate and investment decisions and to understand capital markets and institutions from a financial perspective, and you will develop an integrated framework for value-based financial management and individual financial decision-making.

After completion of the Financial Management Specialization, a student will:

- Have a solid foundation in developing an integrated framework for strategic financial decision-making.
- Have a thorough understanding of financial statements and the financial information they provide, and be able to critically evaluate and analyze cash flows statements.
- Understand the management and evaluation of portfolios and firm valuation techniques.
- Understand how to incorporate risk and uncertainty into investment decisions and understand how companies make financing and investment decisions.

2. Online platform: Coursera

3. Course link: <https://www.coursera.org/learn/financial-markets-global>

4. Language of instruction: English

5. Course Plan:

Module 1. Financial Accounting: Foundations

In this course, a student will learn foundations of financial accounting information. He will start your journey with a general overview of what financial accounting information is and the main financial statements. Student will then learn how to code financial transactions in financial accounting language. In the meantime, he will learn about the most important concept in contemporary financial accounting: accrual accounting. He will then critically analyze how firms recognize revenues. Finally, he will finish the course with an analysis of accounting for short-term assets where he will go into detail on how firms account for accounts receivables and inventories. Upon successful completion of this course, a student will be able to:

- Understand main financial statements and the financial information they provide
- Write a financial transaction in financial accounting language and understand how this impacts main financial statements
- Understand how accrual accounting and fundamental accounting concepts work
- Understand revenue recognition principles and how they impact main financial statements
- Account for accounts receivables and inventories.

Module 2. Financial Accounting: Advanced Topics

In this course, a student will explore advanced topics in financial accounting. He will start your journey with accounting for assets with more than one-year life. He will learn in detail how firms account for fixed assets. He will then move to financing of assets and discuss accounting for liabilities. The course will continue with an in-depth exploration of shareholders' equity. Finally, students will critically evaluate preparation, components, and analysis of cash flows statement. Upon successful completion of this course, students will be able to:

- Account for fixed assets
- Understand accounting for liabilities
- Evaluate shareholders' equity section of a balance sheet
- Understand preparation and information provided by cash flows statement

Module 3. Investments I: Fundamentals of Performance Evaluation

In this course, we will discuss fundamental principles of trading off risk and return, portfolio optimization, and security pricing. We will study and use risk-return models such as the Capital Asset Pricing Model (CAPM) and multi-factor models to evaluate the performance of various securities and portfolios. Specifically, we will learn how to interpret and estimate regressions that provide us with both a benchmark to use for a security given its risk (determined by its beta), as well as a risk-adjusted measure of the security's performance (measured by its alpha). Building upon this framework, market efficiency and its implications for patterns in stock returns and the asset-management industry will be discussed. Finally, the course will conclude by connecting investment finance with corporate finance by examining firm valuation techniques such as the use of market multiples and discounted cash flow analysis. The course emphasizes real-world examples and applications in Excel throughout. This course is the first of two on Investments that are offered online ("Investments II: Lessons and Applications for Investors" is the second course). The over-arching goals of this course are to build an understanding of the fundamentals of investment finance and provide an ability to implement key asset-pricing models and firm-valuation techniques in real-world situations. Specifically, upon successful completion of this course, a student will be able to:

- Explain the tradeoffs between risk and return
- Form a portfolio of securities and calculate the expected return and standard deviation of that portfolio
- Understand the real-world implications of the Separation Theorem of investments
- Use the Capital Asset Pricing Model (CAPM) and 3-Factor Model to evaluate the performance of an asset (like stocks) through regression analysis
- Estimate and interpret the ALPHA (α) and BETA (β) of a security, two statistics commonly reported on financial websites
- Describe what is meant by market efficiency and what it implies for patterns in stock returns and for the asset-management industry
- Understand market multiples and income approaches to valuing a firm and its stock, as well as the sensitivity of each approach to assumptions made
- Conduct specific examples of a market multiples valuation and a discounted cash flow valuation.

Module 4. Investments II: Lessons and Applications for Investors

In this course, students will start by reviewing the fundamentals of investments, including the trading off of return and risk when forming a portfolio, asset pricing models such as the Capital Asset Pricing Model (CAPM) and the 3-Factor Model, and the efficient market hypothesis. Students will be introduced to the two components of stock returns – dividends and capital gains – and will learn how each are taxed and the incentives provided to investors from a realization-based capital gains tax. They will examine the investment decisions (and behavioral biases) of participants in defined-contribution (DC) pension plans like 401(k) plans in the U.S. and will learn about the evidence regarding the performance of individual investors in their stock portfolios. The course concludes by discussing the evidence regarding the performance of actively-managed mutual funds. Students will learn about the fees charged to investors by mutual funds and the evidence regarding the relation between fees charged and fund performance. Segments of the portfolios of mutual funds that may be more likely to outperform and examples of strategies designed to “earn alpha” will also be introduced.

Module 5. Corporate Finance I: Measuring and Promoting Value Creation

In this course students will learn how to use key finance principles to understand and measure business success and to identify and promote true value creation. They will learn how to use accounting information to form key financial ratios to measure a company’s financial health and to manage a company’s short-term and long-term liquidity needs. They will also learn how to use valuation techniques to make sound business investment and acquisition decisions. Finally, students will learn how to incorporate risk and uncertainty into investment decisions and how to evaluate the performance of existing investments. Upon successful completion of this course students will be able to:

- Understand how companies make investment decisions that create value for shareholders
- Use accounting statements to measure the financial health of a company
- Forecast and manage a company’s short- and long-term liquidity needs
- Measure the contribution of a new project or acquisition to shareholder value
- Incorporate risk into investment decisions using the appropriate discount rates
- Evaluate the performance of a company or divisions of a company

Module 6. Corporate Finance II: Financing Investments and Managing Risk

In this course students will learn how companies decide on how much debt to take, and whether to raise capital from markets or from banks. They will also learn how to measure and manage credit risk and how to deal with financial distress. They will discuss the

mechanics of dividends and share repurchases, and how to choose the best way to return cash to investors. They will also learn how to use derivatives and liquidity management to offset specific sources of financial risk, including currency risks. Finally, students will learn how companies finance merger and acquisition decisions, including leveraged buyouts, and how to incorporate large changes in leverage in standard valuation models. Upon successful completion of this course, students will be able to:

- Understand how companies make financing, payout and risk management decisions that create value
- Measure the effects of leverage on profitability, risk, and valuation
- Manage credit risk and financial distress using appropriate financial tools
- Understand the links between payout policies and company performance
- Use derivatives and liquidity management to offset financial risks
- Pick an appropriate financing package for an M&A or leveraged buyout deal

Module 7. Financial Management Capstone

The Financial Management capstone will provide a learning experience that integrates across all the courses within this specialization. Students will analyze a situation taking the vantage point of a company and develop a financial management plan.

6. Reading List

a. Required: <https://www.coursera.org/learn/financial-markets-global>

b. 7. Forms of Control:

a. Current control: 5 graded multiple answer quizzes and a peer graded assignment (80% Final grade)

b. Intermediate control: interview with the instructor (20% Final Grade)

Students are also expected in an oral examination to deliver answers in which the following qualities will be assessed:

- audibility and clarity, pitch, proper articulation;
- fluency, appropriate forms of language including addressing the examiner, clarity of expression;
- appropriate content (proper coverage of legal issues, relevance of law in their responses, emphasis, anticipating or responding to other side; at least certain justification of the argument which has been supported).

8. Grading System: $\text{Fin.} = \text{Curr.} \cdot 0,8 + \text{Accum.} \cdot 0,2$

9. Methods of Instruction:

- use of online educational technologies
- use of accumulative system of control.

10. Special Equipment and Software Support (if required):

- a. Microsoft Windows 7 Professional RUS
- b. Microsoft Windows 10