

Financial Theory – Course introduction

Fredrik Armerin, Uppsala university, 2024

Welcome to the course!

The course

- This is a course on the theoretical parts of finance.
- That said, it is import to let the theories meet reality by looking at data.
- For this reason I will discuss some more applied parts of financial economics.

The teachers

Lecturer and course responsible

Fredrik Armerin (fredrik.armerin@nek.uu.se).

Teaching assistant

Suna Akis Gülümser (suna.gulumser@nek.uu.se).

If you need to contact us, the best way is to use the above email addresses.

My background

- I'm an old student at this department. BA in Economics 1997.
- MSc in Engineering physics 1999 and a PhD in Mathematical statistics 2005 from KTH Royal Institute of Technology.
- I worked almost ten years as an applied mathematician.
- From 2013 I was teaching and doing research in Mathematical finance and Real estate economics at KTH.
- Licenciate degree in Real estate economics and construction management 2016.
- Now a PhD student in Economics.

- The course consists of lectures and exercise sessions.
- The written exam is on 31 October 2024 (don't forget to register for the exam).
- Passing the exam will give you 7.5 credits.
- The grading on the exam is: A, B, C, D, E or F.
- The grade on the course is equal to the grade of the exam.

The schedule and outline of the lectures

						Material from Chapter(s)
Wed	2024-09-04	13:15-15:00	B139	Lecture	Lecture 1: Introduction to the course. Financial markets.	1
Tue	2024-09-10	13:15-15:00	A138	Lecture	Lecture 2: Returns.	2
Thu	2024-09-12	08:15-10:00	F416	Lecture	Lecture 3: Measuring reward and risk. Vectors and matrices.	3 and 4
Fri	2024-09-13	15:15-17:00	A138	Exercise		
Mon	2024-09-16	14:15-16:00	A138	Lecture	Lecture 4: One-period portfolio choice with two and several assets	4
Tue	2024-09-17	13:15-15:00	B139	Lecture	Lecture 5: One-period portfolio choice with several assets.	4 and 7
Wed	2024-09-18	10:15-12:00	B139	Lecture	Lecture 6: One-period portfolio choice with several assets and the CAPM.	7 and 10
Mon	2024-09-23	14:15-16:00	A156	Lecture	Lecture 7: More on the CAPM	10
Tue	2024-09-24	15:15-17:00	A156	Exercise		
Wed	2024-09-25	10:15-12:00	B139	Lecture	Lecture 8: Factor models and the APT.	11
Fri	2024-09-27	10:15-12:00	H317	Lecture	Lecture 9: Efficient markets.	12
Thu	2024-10-03	13:15-15:00	B139	Lecture	Lecture 10: Stock valuation.	6
Fri	2024-10-04	13:15-15:00	B139	Lecture	Lecture 11: Bonds and interest rate theory.	5
Mon	2024-10-07	15:15-17:00	B139	Exercise		
Tue	2024-10-08	13:15-15:00	A138	Lecture	Lecture 12: Bonds and interest rate theory.	5
Tue	2024-10-15	10:15-12:00	B159	Lecture	Lecture 13: Asset allocation and household portfolio choice.	1, 9, 10 and 13
Wed	2024-10-16	10:15-12:00	B139	Lecture	Lecture 14: Empirical studies of financial markets.	3, 5 and 6
Thu	2024-10-17	10:15-12:00	B159	Lecture	Lecture 15: Macro-finance.	
Mon	2024-10-21	15:15-17:00	A138	Lecture	Lecture 16: Summary of the course.	
Wed	2024-10-23	10:15-12:00	A156	Exercise		
Thu	2024-10-31	08:00-13:00		Exam		

The book

The book is

"Financial Markets and Investments"

by

Claus Munk

It is available as a pdf-file on the course's Studium page (note that the book has been updated from the version used last year).

Chapters 1-7 and 9-13 are included in the course.

Voluntary computer assignments

- This year there will be computer assignments.
- They are not compulsory, but give bonus points on the exam.
- There are two assignments and each assignment can give up to 2 bonus points on the exam (added to your total sum on the written exam).
- The bonus points are valid **on the exam in October and on the retake exam in December**.
- More information about the assignments will be communicated via Studium.

- Be sure that you are registered to the course.
- For any information/questions on practical issues, such as registrations, contact studentadmin@nek.uu.se.
- All relevant information about the course can be found at, and will be communicated through, Studium.
- I put the lecture slides on Studium, usually at least on the day before each lecture.