Finance (FNCE)

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5101. Financial Management

Three credits. Prerequisite: ACCT 5121 and OPIM 5103; open only to MBA students. Not open to students who have passed FNCE 5812.

Overview of techniques for effectively studying financial decisions and their impact on the company. Covers the basic concepts and tools necessary to understand the financial decision-making process. The fundamental issues of timing and uncertainty are integrated into the problem of asset valuation. Financial analysis models for determining appropriate sources of capital and effective use of long term and short-term assets are discussed.

5151. Introduction to Economic Markets

Three credits. Prerequisite: Open only to MBA students. Not open to students who have passed BADM 5170.

Provides a foundation in the economics of markets, with particular application to financial markets and the role of information. Specific topics include the following: (1) the basic principles of supply, demand, profit maximization, price determination, international trade, and exchange rates; (2) the basic structure of modern, global financial markets, as an application of the basic economic principles; (3) the use of information and information technology in financial markets, including use of the internet, Bloomberg, Dow Jones and other computerized sources of information; and (4) a review of the "efficient market hypothesis."

5181. Fundamentals of Financial Management

1.5 credits. Prerequisite: Open only to MBA students, others with consent. Not open to students who have passed BLAW 5182.

Students gain tools and frameworks to analyze financial decisions based on principles of modern financial theory. Covers concepts such as discounted cash flow techniques, and its applications to valuation of common stock and bonds and lease vs. buy decisions. The time value of money is examined for both personal financial planning and business applications, and is used to value financial instruments, including common stock and bonds.

5182. Capital Budgeting and Corporate Financial Policy

1.5 credits. Corequisite: FNCE 5181.

Applying the tools and techniques of the time value of money framework to capital budgeting issues and corporate financial policy. They focus on corporate capital budgeting and valuation, investment decisions under uncertainty, market efficiency, and corporate financial policy including financing and dividend decisions. Students evaluate capital investments with a focus on how companies analyze the risk associated with future cash flows and how that risk is incorporated in the required rates of return, as well as how financing choices (stocks and bond issues) and payout policy affect the cost of capital of large projects. Students apply two widely used models, the Capital Asset Pricing Model (CAPM) and the Weighted Average Cost of Capital (WACC) to capital budgeting problems.

5202. Investment and Security Analysis

Three credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent.

A rigorous foundation in risk/return analysis, asset valuation, the use of derivatives, and financial engineering techniques in risk management and overall portfolio management. Information technology is applied, including computerized financial modeling and asset management software.

5205. Global Financial Management

Three credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent.

An exploration of global finance topics such as 1) international trade, 2) balance of payments, 3) exchange rate determination, 4) currency exposure, and 5) the cost of capital in global financial markets. Information technology is applied.

5206. Financial Institutions: Management and Capital Markets

Three credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent.

Investigation of the structure financial services companies (banks, insurance companies, securities firms, and so forth). Emphasis is on the tools used by these firms to compete to provide basic financial services like pooling resources, managing risk, transferring economic resources, pricing information and clearing and settling payments. Financial services product development and the role of information technology in financial services, including software and data.

5209. Corporate Finance

Three credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent.

A markets-oriented approach to corporate finance issues, especially capital structure and dividend policy. Modern concepts of agency theory and asymmetric information are integrated.

5310. Introduction to U.S. Capital Markets

Three credits. Not open to students who have passed FNCE 5894 when taught as Introduction to U.S. Capital Markets.

Designed for students who have limited experience and knowledge about the U.S. capital markets. Students will learn about the U.S. capital markets through classroom lectures, assignments, and corporate visits/presentations.

5312. Financial Institutions - A Risk Management Approach

Three credits. Prerequisite: Department consent.

Sources of risk and management of risk through diversification, hedging and gearing, Value at Risk (VAR), Risk Management System and Basel II Accord, as well as the measurement of market risk, interest rate risk, credit risk, and other risks are addressed in this course.

5313. Financial Risk Modeling I

Three credits. Prerequisite: Department consent.

The mathematical foundation for modeling financial risk as well as key concepts in algebra, statistics, calculus, time series and econometrics principles with applications to modeling risk management as a dynamic process over time.

5321. Financial Risk Modeling II

Three credits. Prerequisite: Department consent.

A background in building advanced financial models, including lattice models, numerical methods, and Monte Carlo simulation; programming techniques to value complex derivatives and portfolios; and analyses of financial risk problems with Excel, VBA, and higher level programming languages.

5322. Financial Risk Management I - Equity Markets

Three credits. Prerequisite: Department consent.

Strategies for security selection and asset allocation and evidence on returns and volatility, trade-to-trade equity price behavior, trading volume and patterns, financial risks and optimal allocation of funds. Students will use pricing and equity derivatives in risk management as well as exotic options in equity-linked and interest rate-linked products and strategies.

5323. Advanced Issues and Applications in Risk Management I

Three credits. Prerequisite: Department consent.

First part of a three-part seminar series on applications in risk management. Introduces students to the current practice in the application of various risk management tools and techniques to real life situations. Material will be delivered through several sections, and include papers and articles written by both academics and practitioners.

5331. Financial Risk Modeling III

Three credits. Prerequisite: Department consent.

The application of advanced estimation and forecasting techniques including multivariate and time series models (ARIMA) and maximum likelihood estimation to risk management, and advanced VAR topics, including computing and implementing VAR management systems, extensions and limitations of VAR (IVAR, DVAR), and stress testing.

5332. Financial Risk Management II - Fixed Income Markets

Three credits. Prerequisite: Department consent.

Bond fundamentals and risk, models of term structure, the use of interest rate derivative in hedging interest rate risk, the use of mortgage-backed and other asset-backed securities (MBS, CMBS), and other debt instruments (CDOs, CLOs etc.) to manage credit and cash flow risks, in addition to valuation and trading strategies of pooled assets and derivative bonds using Monte Carlo and option pricing techniques.

5333. Advanced Issues and Applications in Risk Management II

Three credits. Prerequisite: Department consent.

Second in a three part series; a continuation of Advanced Issues and Applications in Risk Management I. Examines the financial regulatory environment and explores advanced issues and strategies in financial risk management.

5341. Financial Risk Management III - Advanced Topics

Three credits. Prerequisite: Department consent.

Pricing, measurement, and management of credit risk; credit risk modeling; use of credit derivatives to manage and control credit risk; building and managing portfolios, including long/short, and market neutral strategies; measurement of credit risk, including Actuarial, Merton, and Copula function; and portfolio construction, performance evaluation, asset allocation, and portfolio risk management (VAR, Hedging, Portfolio insurance).

5342. Internal Control Risk - Valuation and Analysis Issues

Three credits. Prerequisite: Department consent.

Accounting requirements associated with asset valuation and income recognition of complex portfolios that utilize advanced hedging techniques. Analyzing an organization's control environment and processes within COSO and SOX frameworks and the control practices that organizations use to help ensure the integrity of information provided by its accounting systems. Tax related issues and Basel II are also discussed.

5343. Legal and Ethical Issues in Financial Risk Management

Three credits. Prerequisite: Department consent.

An introduction to the federal laws regulating financial products and the internal controls necessary to comply with those laws. The federal regulation of securities and derivatives and the market participants engaged in those businesses. Participants study safety and soundness regulation of other major financial institutions, including commercial banks, bank holding companies, and insurance underwriters. Examination of the compliance activities and internal controls that financial firms need to maintain to comply with federal law particularly the Sarbanes-Oxley Act. Includes an overview of new developments in financial regulation and compliance.

5344. Advanced Issues and Applications in Risk Management III

Three credits. Not open for credit to students who have passed FNCE 5894 when taught as Capstone in Financial Risk Management.

A review of the Financial Risk Management program. The experiential learning requirement, which is graded pass-fail, must be completed by the end of this Capstone course. Reviews the accounting requirements associated with asset valuation and income recognition of complex portfolios that utilize advanced hedging techniques. Analyzes an organization's control environment and processes within COSO and SOX frameworks and examines the control practices that organizations use to help ensure the integrity of information provided by its accounting systems. Tax-related issues and Basel II are also discussed.

5351. Excel Visual Basic Applications in Financial Risk Management

Three credits.

The advanced knowledge of financial risk management to build risk measurement and management tools by using Excel VBA. Course assumes prior knowledge of the VBA language. It provides an advanced learning forum for students to develop specific applications on their own. These deliverable risk management applications are graded.

5352. Financial Programming and Modeling

Three credits.

The use of MATLAB, R, and SAS for financial programming and modeling. Students pick up materials such as programming basics, SQL, database operations, file operations, graphical user interface design, object-oriented programming, XML, Component Object Model (COM) client and server, and application programming interface (API). Fundamental concepts are reviewed. Students learn modeling techniques such as Monte-Carlo simulation, binomial and trinomial trees, Black-Scholes, finite difference methods, constrained and unconstrained optimization, linear and non-linear programming, heuristic optimization, mean-variance, Value at Risk, data envelopment analysis (DEA), and data mining techniques applied in risk management, and apply these in financial contexts. Construction of various applications, for example portfolio optimization with live data from the internet using various methods, option pricing using Monte-Carlo, binomial trees, Black-Scholes, asset pricing models, capital budgeting, efficiency evaluation, finding betas of stocks, risk evaluation using data mining techniques, etc., across several programming languages.

5353. Enterprise Risk Management (ERM)

Three credits.

A real world approach for students and real-world professionals to use in determining how business risk can affect top priority business strategies and how to develop action plans for addressing those risks through ERM. The steps necessary to achieve an effective ERM process through a unique methodology for identifying and prioritizing risks across business functions. An initial set of specific risks many functions may currently face. Includes tools, sample reports and case studies providing a practical guide for implementing ERM. Links ERM to the corporate strategy which is well illustrated through case studies. There will be a detailed discussion of the value of ERM to the enterprise and its various stakeholders.

5408. Valuation of Financial Assets

Three credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent.

Developing models for asset allocation, and security selection to construct a diversified portfolio. Analysis of industry segments, and valuation of common stocks and bonds. Topics include analysis of business models, measurement of risk and cost of capital, valuation of common stocks, and valuation and measurement of risk of bonds and bond funds. Preparation of analysts' reports is an integral part of the course.

5409. Advanced Valuation and Portfolio Management

Three credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent.

Starts with performance measurement, and then discusses various trading and risk management strategies, and concludes with a discussion of the impact of accounting process, and corporate governance on valuation. Technical analysis is briefly discussed at the end. Delivered primarily through discussion of cases.

5410. Fund Management I

Variable (1-3) credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students; instructor consent required. Corequisite: FNCE 5202.

First part of a two-part Fund Management course. Develops the objectives and goals, the process, and the procedure for execution for management of funds in conformity with the SMF Prospectus. Trains students in the art of asset allocation, security selection, portfolio construction, risk management, preparing analysts' reports for trade recommendations, monitoring of positions, and preparing reports for presentation to the IAB.

5411. Fund Management II

Variable (1-3) credits. Prerequisite: FNCE 5101 or FNCE 5182 and 5202; open only to MBA students, instructor consent required.

This course is the second part of a two-part Fund Management course. In addition to all the activities in the first part during Fall, this course focuses on portfolio management, performance evaluation, attribution analysis, development of various trading and risk management strategies, and technical analysis. Students prepare the final annual report for presentation to the UConn Foundation.

5504. Options and Futures

Three credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent.

Analysis and valuation of speculative securities including options and futures with emphasis on their use for hedging and speculative motives. Major valuation models are discussed and applications of contingent claim valuation framework to corporate finance problems are also explored.

5512. Fixed Income Instruments and Markets

Three credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent.

Examines contemporary portfolio management of fixed income institutional investors, issuers, and broker-dealers. Assesses current practice and presents a theoretical framework for anticipating change. Coverage includes pricing, assessment of return and risk, and the development of overall strategies, for these markets: government, corporate, municipal, and international bonds; mortgage-related and other asset-backed securities; and derivative securities including futures, options, swaps, and other interest rate contracts.

5513. Advanced Corporate Finance: Capital Investment Finance

Three credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent.

Dynamic capital budgeting; applies corporate finance theory to the real-world problems that financial analysts face every day, integrating theory and practice, facilitated through the use of simulation analysis. These tools include both an understanding of the theoretical underpinnings of sound capital budgeting techniques and a mastery of the technology necessary to practically implement this knowledge in a real-world setting.

5532. Real Estate Investment and Portfolio Management

Three credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent.

Overview of real estate investment decision-making. Topics include: risk-return analysis of alternative types of real estate investments; leases, operating costs, and tax consequences; valuation techniques, including discounted cash flow and option pricing; real estate portfolio management; and alternative forms of equity securitization such as real estate investment trusts.

5533. Real Estate Capital Markets

Three credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent.

Structure and operation of the mortgage market. Topics include the identification, measurement and management of risk from the perspective of borrower, lender, and investor. Stresses the integration of the real estate debt markets with the global capital market, and considers the role and impact of mortgage-backed securities for residential and commercial real estate lending.

5534. The Internet and Information Systems Applied to Real Estate

Three credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent.

Specialized information technology is now available for all segments of the real estate industry. For example, investment firms are particularly interested in information technology that helps them monitor, understand, and manage risks associated with mortgage-backed securities. Database management systems and geographic information systems (GIS) give the decision-maker unprecedented power to manage data and analyze risks. The Internet opens up vast new sources of timely information. This course stresses the use of GIS and of the Internet. Students will gain hands-on experience with these tools through projects that are organized around business problems.

5610. Personal Financial Planning

Three credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent.

For the professional working in the area of financial services as well as for one's personal planning. It is the application of finance theory to the individual and family. This integrated approach covers lifetime cash flows, asset accumulation and allocation, debt management, retirement planning, and risk management.

5611. Financial Modeling

Three credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent.

A hands-on use of computerized decision aids to analyze a variety of financial problems. Applications will be drawn from corporate financial planning, modern portfolio theory, options pricing, dynamic trading, and so forth. No computer experience is required; this course will help students develop the necessary programming skills to build fairly sophisticated models.

5630. Real Estate: A Personal Investment Perspective

Three credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent.

Real estate is a major component of household wealth. Important household real estate decisions include, for example, where to buy a house; renting versus owning a home; choosing between alternative mortgage instruments; understanding the house purchase transaction; and the risks and returns of real estate investing. This course surveys the fundamentals of real estate from a personal investment perspective.

5894. Seminar

Variable (1-3) credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent. May be repeated for a maximum of 12 credits.

Investigation and discussion of special topics in finance, risk and insurance and/or real estate and urban economic studies.

5895. Special Topics in Finance

Variable (1-3) credits. Prerequisite: FNCE 5101 or 5182; open only to MBA students, others with consent. Instructor consent required. May be repeated for a maximum of 12 credits.

Faculty-student interaction on a one-to-one basis involving independent study of specific areas of finance, risk and insurance, and/or real estate and urban economic studies. Emphasis, selected by the student, may be on theoretical or applied aspects. A written report is required.

6200. Investigation of Special Topics

Variable (1-2) credits. Prerequisite: FNCE 5508. May be repeated for a maximum of 12 credits.

6201. Introduction to Finance Theory and Evidence

Three credits. Prerequisite: Instructor consent.

Efficient market hypothesis, utility theory, portfolio theory, CAPM, arbitrage pricing theory, option pricing, capital structure, tax theory, capital budgeting under uncertainty, and current empirical studies.

6202. Corporate and Institutional Finance

Three credits. Prerequisite: FNCE 5508; instructor consent required.

Topics include information asymmetry, agency, internal capital markets, governance, market microstructure, moral hazard/adverse selection. Concepts are applied in both corporate and financial institution settings.

6203. Theory of Financial Markets and Valuation

Three credits. Prerequisite: Instructor consent.

Fundamental pricing theorems, state preference theory, martingale pricing, dominance, spanning and arbitrage restrictions, consumption models, and continuous-time approaches to asset pricing, interest rate models, and derivatives pricing.

6204. Empirical Methods in Finance Research

Three credits. Prerequisite: FNCE 5508; instructor consent required.

Topics include predictability of asset prices, time series models of market microstructure, event study methodology, tests of asset pricing models and derivative pricing models, market efficiency, volatility of asset returns, and term structure interest rates.