



Universidad  
de Alcalá

# GUÍA DOCENTE

## Equity and Fixed Income

**MÁSTER UNIVERSITARIO EN BANCA Y  
FINANZAS (Finance & Banking)**

**Universidad de Alcalá**

**Curso Académico 2019/20**

## GUÍA DOCENTE

Nombre de la asignatura:	<b>Equity and Fixed Income</b>
Código:	<b>201558</b>
Titulación en la que se imparte:	<b>MÁSTER UNIVERSITARIO EN BANCA Y FINANZAS (Finance &amp; Banking)</b>
Departamento y Área de Conocimiento:	<b>Departamento de Economía y Dirección de Empresas</b>
Carácter:	<b>Presencial</b>
Créditos ECTS:	<b>4,5</b>
Curso y cuatrimestre:	<b>1º</b>
Profesorado:	<b>Mariano Colmenar Dr. Gregorio Serna Profesor Titular UAH</b>
Horario de Tutoría:	<b>16:30 – 17:30 h.</b>
Idioma en el que se imparte:	<b>Inglés</b>

### 1. PRESENTACIÓN

Globalization is a fact in today's world. As a consequence, any investor might be affected by the general economic environment. Therefore, it is crucial to understand and dominate basic concepts, such as what are the main markets -and how to trade-, what risks are we facing, how to assess different kinds of investment and so on. On the other hand, due to the particular scenario of crisis, it is specially important to deal with tools and software to take the best decisions.

While Fixed Income guarantees both the rate of return and the amount of the payout, Equities fluctuate so that, in this case, there is no guarantee of a specific return on the investment. Even though both are primary instruments, due to their specific characteristics, it is common to differentiate the concepts, tools and models employed to approximate their value. Additionally, any investor should be aware of their corresponding types of risk.

Prerrequisitos y Recomendaciones (si es pertinente)

### 2. COMPETENCIAS

Competencias genéricas:

1. This course provides a basic overview of Equity from an analytical (non descriptive) point of view. Moreover, the course provides an introduction to the implementation of analytical models in excel a numerical computing environment and programming language that allows easy matrix manipulation, plotting of functions and data and implementation of algorithms. Additionally it will allow us to develop simple as well as sophisticated models to analyze both kinds of securities.
2. The most important goal of the subject is to describe to students the behavior and of markets, as well as to bring them with the appropriate tools to evaluate assets. First of all, we will give a general overview of the markets. Secondly, we will develop some useful quantitative tools to assess and model assets, using the power and capabilities of excel.

### 3. CONTENIDOS

<b>Bloques de contenido</b> (se pueden especificar los temas si se considera necesario)	Total de clases, créditos u horas
<p><b>THE INVESTMENT ENVIRONMENT</b></p> <ul style="list-style-type: none"> <li>1- REAL ASSETS VS FINANCIAL ASSETS</li> <li>2- TYPES OF FINANCIAL ASSETS (INTRODUCTION)</li> <li>3- FINANCIAL MARKETS: MONEY MARKETS AND CAPITAL MARKETS</li> <li>4- MARKET PARTICIPANTS</li> <li>5- FINANCIAL MARKETS AND THE ECONOMY</li> <li>6- THE INVESTMENT PROCESS</li> </ul>	<ul style="list-style-type: none"> <li>• 4 h</li> </ul>
<p><b>ASSET CLASSES AND FINANCIAL INSTRUMENTS</b></p> <ul style="list-style-type: none"> <li>1- FIXED INCOME SECURITIES               <ul style="list-style-type: none"> <li>a. MONEY MARKET INSTRUMENTS</li> <li>b. BONDS AND DEBENTURES</li> </ul> </li> <li>2- EQUITY SECURITIES</li> <li>3- STOCK AND BOND MARKET INDICES</li> <li>4- DERIVATIVES MARKETS (Brief Introduction)</li> <li>5- STOCKS OR BONDS: WHICH ONE DO I BUY?</li> </ul>	<ul style="list-style-type: none"> <li>• 4 h</li> </ul>

<p><b>CAPITAL MARKETS</b></p> <ol style="list-style-type: none"> <li>1- PRIMARY VS SECONDARY MARKETS</li> <li>2- PRIMARY MARKETS: HOW FIRMS ISSUE SECURITIES</li> <li>3- TESLA MOTORS' IPO</li> <li>4- SECONDARY MARKETS: HOW SECURITIES ARE TRADED             <ol style="list-style-type: none"> <li>a. TYPE OF MARKETS</li> <li>b. TYPE OF ORDERS</li> <li>c. TRADING MECHANISMS</li> <li>d. ELECTRONIC TRADING</li> <li>e. NEW TRADING STRATEGIES</li> </ol> </li> <li>5- REGULATION OF SECURITIES MARKETS</li> </ol> <p><b>THE ROLE OF INVESTMENT BANKS AND OTHER FINANCIAL INTERMEDIARIES</b></p> <ol style="list-style-type: none"> <li>1- INVESTMENT BANKS</li> <li>2- SECURITIES HOUSES (BROKER-DEALERS)</li> <li>3- ADVISORY COMPANIES</li> <li>4- MORGAN STANLEY VS CHARLES SCHWAB</li> </ol>	<ul style="list-style-type: none"> <li>• 4 h</li> </ul>
<p><b>THE INVESTMENT PROCESS</b></p> <ol style="list-style-type: none"> <li>1- TYPES OF INVESTORS: INSTITUTIONAL VS RETAIL</li> <li>2- INSTITUTIONAL INVESTORS:             <ol style="list-style-type: none"> <li>a. INVESTMENT (MUTUAL) FUNDS                 <ol style="list-style-type: none"> <li>i. Money Market Funds</li> <li>ii. Equity Funds</li> <li>iii. Bond Funds</li> <li>iv. Balanced Funds</li> <li>v. Index trackers</li> </ol> </li> <li>b. PENSION AND INSURANCE FUNDS</li> <li>c. SOVEREIGN WEALTH FUNDS</li> <li>d. HEDGE FUNDS</li> <li>e. ETF</li> <li>f. PRIVATE EQUITY/VENTURE CAPITAL</li> <li>g. REIT</li> </ol> </li> <li>3- INVESTMENT STRATEGIES</li> <li>4- THE INVESTOR AND HIS ADVISORS</li> </ol>	<ul style="list-style-type: none"> <li>• 4 h</li> </ul>

<p><b>INTERNATIONAL CAPITAL MARKETS' CASE STUDY: LEHMAN'S 10<sup>th</sup> ANIVERSARY</b></p> <p><b>TECHNICAL AND FUNDAMENTAL ANALYSIS</b></p> <ul style="list-style-type: none"> <li>1- TECHNICAL VS FUNAMENTAL ANALYSIS</li> <li>2- WHAT CAN CHARTS TELL YOU             <ul style="list-style-type: none"> <li>a. THE RATIONALE FOR THE CHARTING METHOD</li> <li>b. WHY MIGHT CHARTING FAIL TO WORK</li> </ul> </li> <li>3- THE TECHNIQUE OF FUNDAMENTAL ANALYSIS</li> <li>4- USING TECHNICAL AND FUNDAMENTAL ANALYSIS TOGETHER</li> <li>5- 'RANDOM WALK' THEORY</li> </ul>	<ul style="list-style-type: none"> <li>• 4 h</li> </ul>
<p><b>FIXED INCOME SECURITIES (i)</b></p> <ul style="list-style-type: none"> <li>1- BOND CHARACTERISTICS</li> <li>2- BOND PRICING</li> <li>3- BOND YIELDS</li> <li>4- BOND PRICES OFVER TIME</li> <li>5- DEFAULT RISK</li> </ul>	<ul style="list-style-type: none"> <li>• 4 h</li> </ul>
<p><b>FIXED INCOME SECURITIES (ii)</b></p> <ul style="list-style-type: none"> <li>1- TERM STRUCTURE OF THE YIELD CURVE             <ul style="list-style-type: none"> <li>a. THE YIELD CURVE (BOND PRICING)</li> <li>b. THE YIELD CURVE AND FUTURE INTEREST RATES</li> <li>c. FORWARD RATES AND FORWARD CONTRACTS</li> </ul> </li> <li>2- INTEREST RATE HEDGING</li> </ul>	<ul style="list-style-type: none"> <li>• 4 h</li> </ul>
<p><b>EQUITY ANALYSIS</b></p> <ul style="list-style-type: none"> <li>1- MACRO AND INDUSTRY ANALYSIS</li> <li>2- VALUATION MODELS (i)</li> </ul> <p><b>EQUITY VALUATION</b></p> <ul style="list-style-type: none"> <li>1- VALUATION MODELS (ii)</li> <li>2- FINANCIAL STATEMENT ANALYSIS</li> <li>3- EQUITY VALUATION: CASE STUDY</li> </ul> <p><b>SOCIALLY RESPONSIBLE INVESTING (SRI)</b></p>	<ul style="list-style-type: none"> <li>• 4 h</li> </ul>

Semana / Sesión	Contenido
01 <sup>a</sup>	<ul style="list-style-type: none"> <li>• THE INVESTMENT ENVIRONMENT</li> </ul>
02 <sup>a</sup>	<ul style="list-style-type: none"> <li>• ASSET CLASSES AND FINANCIAL INSTRUMENTS</li> </ul>
03 <sup>a</sup>	<ul style="list-style-type: none"> <li>• CAPITAL MARKETS</li> <li>• THE ROLE OF INVESTMENT BANKS AND OTHER FINANCIAL INTERMEDIARIES</li> </ul>
04 <sup>a</sup>	<ul style="list-style-type: none"> <li>• THE INVESTMENT PROCESS</li> </ul>
05 <sup>a</sup>	<ul style="list-style-type: none"> <li>• INTERNATIONAL CAPITAL MARKETS' CASE STUDY: LEHMAN'S 10th ANIVERSARY</li> <li>• TECHNICAL AND FUNDAMENTAL ANALYSIS</li> </ul>
06 <sup>a</sup>	<ul style="list-style-type: none"> <li>• FIXED INCOME SECURITIES (i):</li> </ul>
07 <sup>a</sup>	<ul style="list-style-type: none"> <li>• FIXED INCOME SECURITIES (ii)</li> </ul>
08 <sup>a</sup>	<ul style="list-style-type: none"> <li>• EQUITY ANALYSIS</li> <li>• EQUITY VALUATION</li> <li>• SOCIALLY RESPONSIBLE INVESTING (SRI)</li> </ul>

#### 4. METODOLOGÍAS DE ENSEÑANZA-APRENDIZAJE.-ACTIVIDADES FORMATIVAS

##### 4.1. Distribución de créditos (especificar en horas)

Número de horas presenciales:	32
Número de horas del trabajo propio del estudiante:	48
Total horas	80

##### 4.2. Estrategias metodológicas, materiales y recursos didácticos

	<p>The first part of the class will be devoted to the explanation of the main theoretical concepts and techniques. The student should read with anticipation the material provided. In the second part of the class computers will be used to illustrate the theoretical concepts. Excel will be the basic programming tool. Additionally, lectures and/or cases will be discussed. Students are assumed to participate</p>
--	---

actively in class discussions, participation, though, it is not graded.

## 5. EVALUACIÓN: Procedimientos, criterios de evaluación y de calificación<sup>1</sup>

Each Professor will evaluate his part according to the number of hours

1. Attendance: 5% (mandatory)
  - a. Exercises, cases and assignments: 65%
  - b. Final Exam: 30%

### Attendance:

Essential. All absences must be notified. Only justified absences will be considered. Reasons for absence must be duly documented, as all absences regarding health etc. must be authorised by the Professor so that the coordinator can account for the absence with an authorised report from the Professor.

Non-justified absence during one session will result in the loss of 0.2 points out of 0.5.

Non-justified absence during two sessions will result in the loss of 0.4 points out of 0.5.

Non-justified absence during three or four sessions will result in the loss of 0.5 points out of 0.5.

## 6. BIBLIOGRAFÍA

### Bibliografía Básica

- Bodie, Z., A. Kane and A.J. Marcus (2014): Investments, 10th. Ed., McGraw Hill, 992 pages.
- Sundareshan, S (2009). "Fixed Income Markets and Their Derivatives". Third Edition. Ed. Academic Press.
- Supplementary readings: Additional lectures and cases will be provided in digital support by the instructor at least one week before each session.

---

<sup>1</sup> Es importante señalar los procedimientos de evaluación: por ejemplo evaluación continua, final, autoevaluación, co-evaluación. Instrumentos y evidencias: trabajos, actividades. Criterios o indicadores que se van a valorar en relación a las competencias: dominio de conocimientos conceptuales, aplicación, transferencia conocimientos. Para el sistema de calificación hay que recordar la **Normativa del Consejo de Gobierno del 16 de Julio de 2009**: la calificación de la evaluación continua representará, **al menos, el 60%**. Se puede elevar este % en la guía.

Bibliografía Complementaria (optativo)