

## FNCE90002 Foundations of Finance

<b>Credit Points:</b>	12.5
<b>Level:</b>	9 (Graduate/Postgraduate)
<b>Dates &amp; Locations:</b>	2015, Parkville This subject commences in the following study period/s: Semester 2, Parkville - Taught on campus.
<b>Time Commitment:</b>	Contact Hours: Seminars or lectures and tutorials totalling 3 hours per week Total Time Commitment: Estimated total time commitment of 120 hours per semester
<b>Prerequisites:</b>	Entry into the Master of Commerce (Finance)
<b>Corequisites:</b>	None
<b>Recommended Background Knowledge:</b>	None
<b>Non Allowed Subjects:</b>	None
<b>Core Participation Requirements:</b>	For the purposes of considering requests for Reasonable Adjustments under the Disability Standards for Education (Cwth 2005), and Students Experiencing Academic Disadvantage Policy, academic requirements for this subject are articulated in the Subject Description, Subject Objectives, Generic Skills and Assessment Requirements for this entry. The University is dedicated to provide support to those with special requirements. Further details on the disability support scheme can be found at the Disability Liaison Unit website: <a href="http://www.services.unimelb.edu.au/disability/">http://www.services.unimelb.edu.au/disability/</a>
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<b>Subject Overview:</b>	This subject involves a study of the theoretical underpinnings of modern finance. Topics covered include choice under uncertainty, portfolio theory, asset pricing models, option pricing models, investment evaluation, corporate financial policy, agency theory.
<b>Learning Outcomes:</b>	On successful completion of this subject students should be able to: Understand consumption and investment decisions and the role of capital markets in these decisions <ul style="list-style-type: none"> <li># Understand individual preferences and choices under uncertainty, including the axiomatic foundations of utility theory</li> <li># Understand how and when individual choices affect equilibrium prices; CAPM and variants</li> <li># Understand the concept of arbitrage and its implications for the value of investments in real and financial assets</li> <li># Apply the preceding to portfolio choices, financing choices, and other financial decisions facing investors and firms.</li> </ul>
<b>Assessment:</b>	1.5-hour mid-semester examination, scheduled during Weeks 6-8 (30%) 3-hour end-of-semester examination (50%) 2000 word assignment due Weeks 10-12 (20%)
<b>Prescribed Texts:</b>	You will be advised of prescribed texts by your lecturer.
<b>Breadth Options:</b>	This subject is not available as a breadth subject.

<b>Fees Information:</b>	Subject EFTSL, Level, Discipline & Census Date, <a href="http://enrolment.unimelb.edu.au/fees">http://enrolment.unimelb.edu.au/fees</a>
<b>Generic Skills:</b>	<p>On successful completion of this subject, students should have improved the following generic skills:</p> <ul style="list-style-type: none"><li># Oral communication</li><li># Written communication</li><li># Problem solving</li><li># Statistical reasoning</li><li># Application of theory to practice</li><li># Interpretation and analysis</li><li># Critical thinking</li><li># Synthesis of data and other information</li><li># Evaluation of data and other information</li></ul>
<b>Related Course(s):</b>	Doctor of Philosophy - Business and Economics Master of Commerce (Finance)