



# *The Hebrew University of Jerusalem*

## *Syllabus*

### *Finance for Economists - 57102*

*Last update 05-03-2023*

*HU Credits: 4*

*Degree/Cycle: 1st degree (Bachelor)*

*Responsible Department: Economics*

*Academic year: 0*

*Semester: 1st and/or 2nd Semester*

*Teaching Languages: Hebrew*

*Campus: Mt. Scopus*

*Course/Module Coordinator: Dr. Oded Cohen, itay kedmi*

*Coordinator Email: [Itay.Kedmi@mail.huji.ac.il](mailto:Itay.Kedmi@mail.huji.ac.il)*

*Coordinator Office Hours: By appointment*

*Teaching Staff:*

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Dr. Oded Cohen,  
itay kedmi

Course/Module description:

The course will provide basic concepts in the fields of financial economics, including investment theory, asset pricing and corporate finance. The course will be divided into two parts. In the first part, we will learn the fundamentals of finance and the basis for asset pricing - the main topics that will be studied: an overview of the capital market and financial instruments; the time value of money; criteria for investing in risk-free projects; risk, risk aversion and risk diversification; the CAPM; equity valuation (such as: The Gordon model); and pricing of debt products (bonds). In the second part, we will study key issues in corporate finance: The Modigliani and Miller model and frictions in corporate finance (financial leverage and taxation); the agent-manager problem and pecking order theory; executive compensation; tunneling; corporate governance and boards of directors. The course includes theoretical learning of the models with practical and econometric application, with data from the capital markets.

Course/Module aims:

The purpose of the course is to provide analytical tools for analyzing the academic and practical financial field. The course will provide basic concepts and a deep understanding in the fields of corporate finance and investment theory, while combining theoretical models and empirical studies. We will understand how theories of consumer behavior are relevant in the capital market, how investors make decisions under conditions of uncertainty, how corporate financing is connected to price theory, what is risk in financial markets, how risk aversion affects stock prices, how countries raise debt from the public, what are bonds, stocks and how they are priced. In the second part of the course we will learn about the econometric challenges in financial economics and how to deal with them. The course will provide tools for understanding topics in financial issues that meet every person at different stages of life.

Learning outcomes - On successful completion of this module, students should be able to:

Understanding the fundamentals of financial theory and investment theory, and how to apply these

Attendance requirements(%):

80%

Teaching arrangement and method of instruction: Lectures

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Course/Module Content:

*Financial instruments and capital markets*

*Time value of money*

*Project valuation: net present value and internal rate of return*

*Decision under uncertainty – risk and risk aversion*

*Risk and diversification (Modern portfolio theory and CAPM)*

*Equity valuation (Gordon's Model)*

*Debt valuation (bonds)*

*Corporate finance - Introduction and the purpose of the firm*

*Agent-manager problem in the company*

*Tunneling*

*Corporate governance and boards of directors*

Required Reading:

*No textbook required in the course.*

Additional Reading Material:

*Bodie, Kane, and Marcus, "Essentials of Investments"*

Course/Module evaluation:

*End of year written/oral examination 70 %*

*Presentation 0 %*

*Participation in Tutorials 0 %*

*Project work 0 %*

*Assignments 30 %*

*Reports 0 %*

*Research project 0 %*

*Quizzes 0 %*

*Other 0 %*

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*Additional information:*