COURSE DATA

DATA SUBJECT

Code: 35805
Name: Investment theory
Cycle: Undergraduate Studies
ECTS Credits: 6
Academic year: 2025-26

STUDY (S)

Degree	Center	Acad. year	Period
1313 - Degree in Business Management and Administration	Facultat d'Economia	2	Sin determinar, Second quarter
1330 - Degree in Business Management and Administration (Ontinyent)	Facultat d'Economia	2	Sin determinar, Second quarter
1921 - Double Degree Program BMA and Law	Facultat d'Economia	3	Sin determinar, Second quarter
1926 - Double Degree Program Tourism and BMA	Facultat d'Economia	3	Sin determinar, Second quarter

SUBJECT-MATTER

Degree	Subject-matter	Character
1313 - Degree in Business Management and Administration	Principles of financial management	COMPULSORY
1330 - Degree in Business Management and Administration (Ontinyent)	Principios de Dirección Financiera	COMPULSORY
1921 - Double Degree Program BMA and Law	Year 3 compulsory subjects	COMPULSORY
1926 - Double Degree Program Tourism and BMA	Asignaturas de tercer curso	COMPULSORY

COORDINATION

MARTINEZ MARTINEZ BEATRIZ

SUMMARY

The course Investment Theory is taught in the second year, second semester, of the Degree in Business Administration. It relates to the subject Principles of Financial Management and it provides students with the skills any chief financial officer (CFO) needs in developing normal financial activity. A company is an organization where funds are obtained from the activity of the company (internal financing) and from shareholders and other contributors (external financing) and funds are used to invest in fixed assets and current assets and reward external sources of funds and debt service. According to Suárez (2005, p. 28), \" A company can be regarded as a series of investing and funding decisions\". In both types of financial decisions, the objective is to create value and to maximize the wealth of the owners. Although one should

always seek the lowest cost funding and invest in the most profitable assets, in an efficient capital market higher return is associated to higher risk. Therefore, it is necessary to find the risk-return ratio that best fits shareholders and other sources of funding. The Investment Theory course deals with the analysis and evaluation of investment projects. To that end, in addition to the basic criteria of valuation of investments, we study the risk-return relationship of financial assets, portfolio management and the CAPM valuation model to find the required yield on an investment with a given level of risk. To be able to follow class explanations and understand the concepts it is necessary that students have a basic knowledge of Statistics, Financial Accounting and Financial Mathematics.

PREVIOUS KNOWLEDGE

RELATIONSHIP TO OTHER SUBJECTS OF THE SAME DEGREE

There are no specified enrollment restrictions with other subjects of the curriculum.

OTHER REQUIREMENTS

In order to follow class explanations and understand the concepts of the subject it is required that students have a basic knowledge of Statistics, Financial Accounting and Financial Mathematics.

COMPETENCES / LEARNING OUTCOMES

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Be able to analyse and search for information from different sources.

Be able to learn autonomously.

Be able to make decisions.

Be able to solve problems.

Be able to transmit and communicate complex ideas and approaches to both specialised and lay audiences.

Be able to use ICTs in the field of study.

Demonstrate capacity for analysis and synthesis.

Demonstrate oral and written communication skills in the native language.

Have critical and self-critical capacity.

Have organisation and planning skills.

DESCRIPTION OF CONTENTS

1. CORPORATE FINANCIAL MANAGEMENT

1. Finance in the firm.

2. Assets and Liabilities structure: financial equilibrium.

3. Corporate financial management objectives.

2. INVESTMENT DECISIONS

1. The idea of investment.

2. Financial characteristics of an investment.

3. Cash flow determination.

3. NET PRESENT VALUE

1. How capital markets reconcile preferences for current vs. future consumption.

2. Investment opportunities and the creation of value. Fisher¿s theorem.

3. Net Present Value (NPV).

4. OTHER INVESTMENT DECISION CRITERIA

1. Internal Rate of Return (IRR).

2. Other investment assessment models

3. Ranking investment projects

5. RISK INVESTMENT ANALYSIS

1. Adjusted discount rate.

2. Sensitivity analysis.

3. Break-even point

6. RETURN AND RISK

1. Expected return, variance and covariance for individual securities.

2. The return and risk for portfolios.

3. Diversification. Systemic and unsystemic risk.

7. PORTFOLIO SELECTION AND PRINCING

1. Portfolio Selection: Markowitzs and Tobin's models.

2. Equilibrium in the capital markets: the CAPM.

3. Valuation of financial assets and investment in real assets.

WORKLOAD

PRESENCIAL ACTIVITIES

Activity	Hours
Theory	30,00
Classroom practices	30,00
Total hours	**60,00**

NON PRESENCIAL ACTIVITIES

Activity	Hours
Attendance at other activities	0,00
Individual or group project	0,00
Independent study and work	90,00
Preparation of lessons	0,00
Preparation for assessment activities	0,00
Resolution of case studies	0,00
Total hours	**90,00**

TEACHING METHODOLOGY

- The lectures consist of discussion of subjects included in the syllabus. Student participation and contribution to class debate is highly valued.

- The practice sessions will consist of solving exercises and real life cases.

EVALUATION

• **Continuous evaluation:** This part will consist of activities of various types (written tests, assignments, class participation, etc.) that each teacher deems appropriate. It will have a weighting of **20%** of the overall grade of the course.

As established in Article 6 of Procedure and evaluation criteria of the UV Evaluation and Grading Regulations approved by the Governing Council of May 30, 2017: "In the case of attendance requirements for some type of teaching activity, it must be considered that the student has fulfilled it if he/she has attended a minimum of 80% of the hours of this activity and has adequately justified the impossibility of attending the remaining sessions due to the concurrence of a cause of force majeure¿. It will be up to the discretion of each teacher to require or not the attendance to the classes in order to be assessed within the continuous evaluation, always in accordance with the above mentioned Regulations.

The continuous evaluation will be recoverable, both in the first and in the second call, with the final exam.

• **Final exam:** it will consist of a set of multiple-choice questions combining theory and practice. It will have a weighting of 80% of the overall grade of the course.

In any case, **it will be an essential requirement to have passed the Final Exam in order to compute the grade obtained in the continuous evaluation.** If the student does not pass the Final Exam in the first call, the grade of the continuous evaluation can be saved for the second call (as long as the student has obtained at least 1 point out of the 2 possible points that can be obtained) as long as it benefits the student.

An essential condition for passing the exam is to obtain a minimum score of 1.8 points (out of 5) in each section (theoretical and practical). If the student fails the final exam, the grade will be the same as the exam score (out of 8). If the student fails the exam, the continuous assessment grade will not be added.

The grading system will be expressed by means of a numerical grade in accordance with Article 5 of R.D. 1125/2003, of September 5, which establishes the European credit system and the grading system in university degrees of an official nature and valid in the national territory.

REFERENCES

- BERK, J; DeMARZO, P. (2008): Finanzas corporativas. Pearson.
- BLANCO, F.; FERRANDO, M.; MARTÍNEZ (2015): Teoría de la Inversión. Pirámide.
- BREALEY, R.; MYERS, S.; ALLEN, F (2020): Principios de finanzas corporativas. McGraw

Hill.

• FERRANDO, M.; GÓMEZ, A.R.; LASSALA, C.; PIÑOL, J.A.; REIG, A. (2005): Teoría de la Financiación I. Modelos CAPM, APT y aplicaciones. Pirámide.