

Massimo Gastaldi

Programme of “Analisi dei Sistemi Finanziari” “Analysis of Financial Systems”		
Number of ECTS credits: 9 (workload is 225 hours; 1 credit = 25 hours)		
I2G057, Compulsory 2st Cycle, 1 st year , 1 st semester Teacher: Massimo Gastaldi		
1	Course objectives and Learning outcomes	<p>The goals of this course are to provide the fundamentals of regulatory economics and finance. In particular the first part of the course deals with problems arising in markets in which competitive forces are weak. Economic regulation allows to control prices providing consumer benefits that justify its costs. The second part of the course teaches the basic of financial decision making, both the theory and applications, from the perspective of the investor. It is composed of three branches: investment analysis, security analysis and portfolio management.</p>
2	Dublin descriptors	<p>Topics of the module include:</p> <p>Regulatory economics: motivation behind economic regulation, goals of regulation, market failure, problems of natural monopoly and regulatory policy solutions, dynamic regulation: Rate of return and Price-cup, regulated industries.</p> <p>Investment Analysis: interest rate, time value of money, Net Present Value, Internal rate of return, Payback period, Project Balance, Cost – Benefit analysis, investment risk analysis, multiattributed decisions: Laplace method, maximin and maximax rules, Hurwicz procedure.</p> <p>Asset Allocation. Investment environment, financial instruments: money markets, bond markets, stock markets and derivative security markets, Risk and return of financial instruments.</p> <p>Portfolio construction and evaluation. The portfolio selection problem, Risk and return of a portfolio, the rule of diversification, efficient frontier, optimal portfolio.</p> <p>On successful completion of this module, the student should</p> <ul style="list-style-type: none"> - understand the role of government in altering market outcomes when competitive equilibrium fails. - demonstrate skill in regulatory environment and ability to apply regulatory tools and methodologies. - understand the nature of investor objectives and their risk tolerance. - capacity to perform asset allocation decisions. - analyze the asset allocation performance. - understand the management of interest-risk interaction and the rule of diversification in the optimal portfolio definition. - demonstrate capacity for reading and understand investment peculiarities and decisions. - demonstrate capacity for applying portfolio management in the real time exercise.
3	Prerequisites and learning activities	<p>The student must know the basic notions of Calculus and Economy contained in the exams Calculus I and II and Economia ed Organizzazione Aziendale</p>
4	Teaching methods and language	<p>Lectures and exercises. Language: Italian</p> <p>Ref. Text books, Marzi, Prosperetti, Putzu, La regolazione dei servizi infrastrutturali, Il Mulino, 2001 Thuesen G. J. e Fabrycky W. J., Economia per Ingegneri, Il Mulino, 1994 Berk J. E DeMarzo P., Finanza Aziendale, Vol 1 e Vol 2, Pearson, 2008.</p>
5	Assessment methods	<p>Written and oral exam.</p>