

CAPITAL MARKETS

Introduction

Capital Markets is the 1st course in the Investment Curriculum at IESE. A half credit course, it focuses on the foundations of the financial markets. It equally intends to introduce one of the most important sources of financing for companies and governments: public markets. A thorough understanding of the basics will be important for any senior manager or aspiring one.

Objectives

Capital Markets intends to be an introductory course to the most important investment products, their behaviors as well as their environment. No previous knowledge is assumed.

Although a necessity for the people who want to work in Sales and Trading, Corporate Finance, M&A, Research etc., the course targets the MBA community at large. As all of you will hopefully at some stage have to make investment decisions or management decisions scrutinized by shareholders, this course will be a must for all of you.

Learning Outcomes

- i. Understanding the role and structure of an investment bank.
- ii. Having a good knowledge of the roles managers and investment banks play in the IPO-process.
- iii. Relating the macro-economic situation to the changes in stock prices.
- iv. Distinguishing the different equity valuation models.
- v. Understanding the market structure of money markets and bond markets.
- vi. Understanding the roles derivatives play as well as understanding the workings of futures and options.
- vii. Having an understanding on the different efficient market hypotheses.

Competences

General Competences:

- Decision making in a financial context
- Critical thinking
- Managerial judgment

Specific Competences:

- Understand the role financial markets and their agents play in managerial decision-making and value creation.
- Understand the most important financial products, how these relate to each other and what role they play when managing a company.

Content

The course is divided in three parts: (1) Introduction to investment banking, stock markets and valuation (2) Introduction to fixed income and money markets and (3) Introduction to Derivatives and the EMH.

Methodology

The reading materials have been kept to a minimum (but are a **MUST READ**) and there will be no exercises to prepare before class. However, the initial stage of each class will focus on what is presently happening in the major and consequently you will be probed on it. **So reading FT (online) is obligatory!**

Evaluation

Class participation 30%, final exam: 70%

Professor's Biography



Prof. Jan Simon

Visiting Professor of Financial Management

Jan is an Investor and Banker who has invested in private and public markets, advised and raised public capital across multiple industries in Europe and North America. For over a decade he worked for Goldman Sachs, Merrill Lynch and Salomon Brothers International. He co-headed the Emerging Markets Trading Desk at Salomon Brothers, set up the Continental Sales-Trading Desk at Goldman Sachs and was a member of Merrill Lynch' Hedge Funds Advisory Group.

His expertise is in the areas of: investment strategies, private equity, mergers and acquisitions for both European and North American markets. He has managed money in equities, fixed income and advised hedge funds in a variety of strategies. He has advised and invested in startups and is a special advisor to Pacific Lake Partners.

Jan merges his academic background with his professional expertise to bridge gaps between both worlds where these exist. His research covers networks in the investment world and their influence on systemic risk. It has been published in the British Journal of Management and the Journal of Network Theory in Finance. He has a PhD in Finance, Master in Business Administration, Post-Graduate in Investment Advice, Masters in Law, and a Bachelor of Law.

Jan is an instructor and academic director in Executive Education. He has designed and delivered Executive custom courses at IESE and INSEAD for BMW, Citigroup, Colliers International, DNV GL, Goldman Sachs, IFF, Bank of America-Merrill Lynch, Rabobank, Santander, Schneider Electric and Teleflex. He also teaches in the Directors Education Program, a program for board members jointly developed by the Institute of Corporate Directors and the University of Toronto's Rotman School of Management.

He served the first battalion Para-Commando as well as NATO's Special Intervention Forces. He holds both Commando A and Parachutist A military certificates.