

## FINANCE AREA ELECTIVES

### **FIN 301      Asset Pricing**

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The course concentrates on financial theory and empirical analysis that are related to asset pricing and investment decisions. Topics of interest are portfolio theory, valuation of financial assets, equilibrium asset pricing models, risk management and portfolio performance measurement.

### **FIN 302      Corporate Finance**

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This course provides a thorough overview of corporate finance through the study of decision making within the corporations. The course analyzes important issues in corporate finance from the perspective of financial managers who are responsible for making significant investment and financing decisions. The first part of the course provides a discussion on capital market efficiency and an overview of the financing decisions of corporations. The second part of the course includes a detailed analysis of financial leverage, capital structure and dividend policy as they relate to the value-maximization objective of the corporation. The last part the course provides a brief analysis on mergers and acquisitions.

### **FIN 311      Bank Management and Turkish Banking System**

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This course provides an introduction to basic concepts and methods of bank management. It analyzes the current status of Turkish Banking System as compared to last 10 years and takes into consideration the recent developments in the global financial markets, making future projections for the sector. Specific topics include the types of banking licenses in Turkey, performance criteria for the Turkish banking sector, strengths and threats of the Turkish banking system, funding sources, deposits, and commercial paper funding sources, syndications-ABS-Eurobonds, credit rating, risks exposed in the banking system, foreign trade financing, bankers acceptance audit and supervision and the banking crises in Turkey (1994 and 2001).

### **FIN 312      Banking and Financial Intermediation**

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This course introduces the inner workings of financial intermediation with a large emphasis on commercial banking. It starts with a brief overview of the history of financial intermediation and an analysis of the roles that each type of intermediary performs in the marketplace. It then moves on to an in-depth analysis of commercial banking. It covers such topics as how banks raise and place funds, the types of risks that they face and how they manage them, how and why they are regulated, and current trends in banking. A significant portion of the course is devoted to the analysis of the 2008 global financial crisis. The course ends with an examination of the tasks performed by non-bank financial institutions such as initial public offerings (IPOs) and mergers and acquisitions (M&As).

### **FIN 313      Project Finance**

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The course analyzes the capital structure of large projects and hence is intended for students whose interest ranges from leveraged finance and capital markets to emerging financial markets.

**FIN 314            Real Estate Finance**

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Real estate is an important part of institutional investors' portfolios as the largest asset market in the economy. The investment characteristics of real estate differ markedly from those of other assets. The course deals with a broad range of financial issues related to the real estate markets and is a natural counterpart to institutional investors and equity analysts, which mainly deal with stock investments, and to fixed income management, which is largely devoted to bond investment. The course starts with an overview of the most important topics in real estate finance and investments. It continues with real estate valuation, examining the concepts and measures applied to make investment decisions. Further, it covers securitized real estate including Real Estate Investment Trusts. Finally, it covers laws and contracts related to real estate finance, housing and mortgages. The course is supported by two case studies related to real estate finance, which the students are expected to present as a group.

**FIN 316            Financial Regulation and Risk Management**

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The course begins with theoretical framework of financial regulation with reference to basic market failures and its relation with real sector. It introduces the basic components of financial system such as basic financial products, financial and non-financial risks, goals of stakeholders and why/how to regulate this multi-factored system in order to have a more efficient system and also mitigate those risks from national and international perspective. To experience a market, define basic market failures and challenges, illustrate need, extent, maturity level and evolution of financial regulation, participants play an assigned role in an educative market game. The course end with re-visiting the theoretical framework and relating experienced market challenges with similar cases and existent regulation frameworks in real financial markets.

**FIN 341            Financial Econometrics**

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This course will provide a review of the general linear regression model and an extended presentation of the techniques that have been developed to model the main characteristics of financial time series data. Both univariate and multivariate models will be considered. With the former we will cover topics such as autoregressive and moving average representations, stationary and non-stationary time series, conditional and unconditional forecasts, and the distinction between deterministic and stochastic trend. We will extend these ideas to a multivariate framework, focusing on structural economic models and VARs, cointegration analysis and equilibrium correction formulation of dynamic models. Simultaneous equation models will also be introduced. ARCH and GARCH models will be introduced to model time varying variances and covariances. Finally, modelling techniques that exploit high frequency financial data will be studied.

**FIN 411            Derivative Instruments and Financial Risk Management**

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This course serves as an introduction to the analysis of financial derivatives and their use in risk management. The lecture starts off with the basic features of financial derivatives, examines the pricing of instruments like futures and option contracts, illustrates how these instruments can be used for hedging or speculative purposes, identifies complex strategies that can be implemented using derivative instruments, and assesses the risks these strategies entail.

**FIN 412 Investments**

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This course offers a strong, well-rounded, and an in-depth understanding of investments and financial markets. The course builds on basic finance knowledge and covers market efficiency, anomalies, predictable price patterns, derivatives markets, mutual fund, hedge fund strategies and international diversification. The course covers advanced theoretical concepts, but the primary focus of the course is on real-world applications through case studies, projects, and class discussions.

**FIN 413 Behavioral Finance and Equity Investment Management**

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This course discusses psychological biases in financial decision-making, and examines the impacts of these biases in financial markets. It also introduces asset valuation and risk management techniques with Excel and Bloomberg applications. The concepts covered include: risk and return, CAPM, and valuation of financial instruments, diversification, investment management, forecasting of prices, concepts of financial risk (volatility, Value-at-Risk, etc.).

**FIN 414 Selected topics in Finance**

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This course offers a strong, well-rounded, and an in-depth understanding of investments and financial markets. The course builds on basic finance knowledge and covers market efficiency, anomalies, predictable price patterns, derivatives markets, mutual fund, hedge fund strategies and international diversification. The course covers advanced theoretical concepts, but the primary focus of the course is on real-world applications through case studies, projects, and class discussions.

**FIN 415 Hedge Fund Performance and Trading**

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This course specializes in institutional fund management. The primary focus will be on hedge funds. The course will start with a discussion of hedge funds' features (trading provisions), fee structures, and their various trading strategies. Next, hedge funds will be analyzed in detail both as stand-alone investment vehicles, as well as portfolio assets. Alternative performance measures of hedge funds, including Sharpe Ratio, M2, Appraisal ratio, alphas derived from alternative Capital Pricing Models (CAPM) will be discussed heavily. In addition, recent topics in hedge fund literature such as performance persistence, characteristics of hedge funds that lead to superior returns, systematic risk vs. unsystematic risk of hedge funds, and predictability of hedge fund returns based on funds' exposures to risk factors will be covered in detail. After learning all the tools that help understand how to evaluate hedge fund performance, the course will end with an example of a trading simulation. Specifically, a currency trading strategy that is applied by most hedge funds (a quantitative carry trading model based on interest rate differentials between countries) will be examined comprehensively.

**FIN 416 Strategic Management in Financial Institutions**

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This course provides an overview of financial markets through the study of Turkish and international banking sectors as well as an analysis of the risks and regulations therein. The course begins with a review of the principals of bank management, followed by an overview of financial markets. It concentrates on a comparison between organized markets and over the counter ("OTC") markets. The course then drills down into the specificity of Turkish markets, including the banking sector as well as non-banking financial institutions including, among others, leasing and factoring firms. The

current status of the Turkish banking sector is also explored focusing on the evolution of the industry over time. The second part of the course covers regulation of the banking sector in both national and international forums. There is an in-depth review of the Basel treaties and other importation regulations and their effect on Turkish banks in particular.

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**FIN 417 Money and Financial Systems**

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This course has the objective of letting the students to understand and analyze the mechanisms and products of financial systems in the global markets and Turkey.

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**FIN 419 Business Valuation**

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This course is about valuation techniques used by investors, asset management companies, investment bankers or stock market analysts. The course introduces discounted cash flow models and multiples approaches. The techniques shown in this course are mainly applied for public firms, though can also be applied for other types of assets. Students in groups are given a public company and write a valuation report on the company. There are also two real-life cases related to asset valuation. The report and the cases in this course help to become familiar with industry practices.

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**FIN 421 International Financial Market**

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This course introduces the student to the the functioning of international financial markets, different systems for establishing equilibrium exchange rate, different methods for measurement of exchange rate risks and appropriateness of different derivative instruments to eliminate these risk. Forward markets, options, swaps.

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**FIN 422 Private Equity and Restructuring**

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The course focuses on the key concepts and institutions involved in corporate buyouts and mergers and acquisitions. The course integrates the corporate governance and agency dimensions, financial and strategic management aspects, and legal and accounting considerations into a unified framework for investigating issues in financial and organizational restructuring transactions. The course combines applied theoretical approach with the case study method through detailed analysis of domestic and global restructuring cases. The focus will be on fundamental concepts of valuation and analytical tools of corporate finance in relation to private equity investment funds.

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**ACCT 411 Internal Auditing**

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The course covers a risk-based, process based and controls-focused contemporary internal audit approach. Topics include internal audit standards, internal control, corporate governance, risk management, risk assessment, evidence and documentation, fraud risks and auditing techniques including sampling and the use of systems based audit techniques. Professional ethics, emerging issues are also discussed.

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**ECON 203 Money and Banking**

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This course provides a basic understanding of the money and the banking system. In the first part of the course, the banking system and the financial markets are examined. In the second part of the course, the effects of monetary policy changes on the financial markets and the global financial

system are analyzed. Since the global financial crisis has significantly changed the global financial system and the scope of monetary policy, the last part of the course focuses on the global financial crisis and the new challenges in the aftermath of the global financial crisis.

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**ECON 305      Risk Management and Insurance**

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This course examines the identification and management of risks arising from personal, property, and legal liability. The primary focus is both on the treatment of commercial and on individual loss exposures. The economic motives for insuring these risks are examined in detail. Unemployment insurance, social security, and health insurance are discussed within a basic dynamic life-cycle model.

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**ECON 311      Experimental Economics**

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This course is an introduction to the field of experimental economics and the testing of economic theories by using laboratory experiments. The course starts with addressing methodological issues. Then, selected topics are discussed in which experiments have been applied. These topics include experiments on markets, individual decision-making, and game theory. Students also get a chance to participate in various in-class experiments that are followed by class discussions.

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**IBUS 302      International Finance**

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This course explores the international economic and financial environment, including analyses of exchange rates, international monetary systems, contemporary currency regimes, interest rate parity, purchasing power parity, currency risk exposure. This course examines methods firms use to manage and hedge their exposure to various types of exchange risk, and those methods and financial instruments used to manage that risk.