

*School of Management
University of Texas at Dallas
Course Syllabus*

Course: FIN 6370

Semester: Fall 2016

Classroom: JSOM 2.903

Class hours: Thursday, 4:00PM to 6:45PM

Instructor: Michael Rebello

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Office: JSOM 14.222

Office hours: Thursday 2:30PM to 3:30PM or by appointment

Pre-requisites and/or Other Restrictions

The prerequisites for FIN 6370 are FIN 6310 or FIN 6350.

I expect you to have a working knowledge of linear algebra, multivariate calculus, optimization and probability theory.

Course Description

This course is intended to provide you with a deep and intuitive understanding of fundamental principles of finance. It is ideal if you are contemplating admission into a PhD program in finance. We will cover asset-pricing topics including portfolio theory, state pricing, and the pricing of derivatives such as options and futures. We will also cover corporate finance topics such as the evaluation of financing and investment decisions, and the role asymmetric information, moral hazard and non-verifiability flows play in these decisions.

This is a lecture-based course. While much of the material covered in this course will be quantitative in nature, we will devote a substantial amount of class time to developing the intuition behind the main results for each topic.

Student learning objectives/outcomes

By the time you complete this course, you should understand the principles behind

1. Intertemporal consumption choice under uncertainty
2. The construction of efficient portfolios
3. Linear pricing models such as the CAPM
4. State pricing, pricing kernels and stochastic discount factors
5. The pricing of options and futures
6. The separation of ownership and control of corporate assets
7. Corporate investment and financing decisions
8. The effect of market imperfections on the design of financing contracts

Course materials

Textbook: Fabozzi, Neave, and Zhou, *Financial Economics*

Lecture notes: I will regularly post lecture notes on eLearning

Suggested reading materials

An introductory text on mathematical economics, or introductory texts on probability, statistics, calculus, and linear algebra.

Grading policy

Your course grade will be computed using your scores on problem sets, a midterm exam, and a comprehensive **final exam**. The weights assigned to your scores on these assignments will be as follows:

| | |
|--------------|-----|
| Problem sets | 30% |
| Midterm | 30% |
| Final exam | 40% |

Course Policies

There will be no make up exams. If you cannot take a midterms exam with the rest of your classmates, you will have to take it before they do. I have to be informed of any conflict well in advance and supplied with acceptable documentation demonstrating the conflict.

No one will be able to earn extra credit. Only the assignments listed above will count toward your grade.

I will not keep track of your attendance. You are responsible for material that is covered in any class that you miss.

You should try and answer all the conceptual questions at the end of the chapters of the textbook we will cover.

When in class **TURN OFF YOUR CELL PHONES and LAPTOPS**. I expect you to work through problems I assign in class and participate actively in all class discussions.

UT Dallas Policies and Procedures

The university's policies and procedures as they apply to this course can be found at:
<http://provost.utdallas.edu/syllabus-policies/>

The descriptions and timelines provided in this syllabus are subject to change at the discretion of the Professor.

Proposed schedule

| Topic # | Topic |
|----------------|---|
| 1 | Consumption and investment choices in a certain world <ul style="list-style-type: none">• Textbook Chapters 2 and 3 |
| 2 | Corporate financing and investment in a certain world <ul style="list-style-type: none">• Textbook Chapter 4 |
| 3 | Decisions in a risky world <ul style="list-style-type: none">• Textbook Chapters 9, 11, and 12 |
| 4 | Linear Asset Pricing Models <ul style="list-style-type: none">• Textbook Chapters 13, 14, and 15 |
| 5 | Principles of Asset Pricing <ul style="list-style-type: none">• Textbook Chapters 10, 16, and 17 |
| 6 | Pricing options and futures <ul style="list-style-type: none">• Textbook Chapters 18, and 19 |
| 7 | Corporate financing in a world with uncertainty <ul style="list-style-type: none">• Textbook Chapters 5, 22, 23, and 24 |
| 8 | Corporate financing in a world with uncertainty <ul style="list-style-type: none">• Textbook Chapter 25 |
| | Final Exam during finals week (Between December 9 and 15) |