

Finance 6301

Spring 2017

Professor Vikram Nanda

Overview

This is an introductory course in Finance. Basic valuation of cash flow streams, investment decision rules, risk and return trade-off and (some) corporate finance are the main elements. This is a hands-on course with plenty of problem solving and (depending on time) some cases.

Instructor

Professor Vikram Nanda
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Office hours: By Appointment

Textbook and Publisher's website

The textbook below is required:

- ☐ Berk, Jonathan, and Peter DeMarzo, *Corporate Finance*, 4th., Pearson; [*The Core* version and Edition 3 will should be fine]. We will follow the book more closely on some topics than others.
- ☐ You will also need to purchase an account on the publisher's website called MyFinanceLab. You will use your account to access the homework assignments. There is a set of instructions on the course Blackboard.
- ☐ There are four cases that you will need to buy from HBS publishing as well – however, you only need to buy only one case per group (4-5 students/group):
 1. **Clarkson Lumber Co.** (HBS 297028-PDF-ENG) & Spreadsheet (XLS090-XLS-ENG)
 2. **Ocean Carriers** (HBS 202027) & Spreadsheet (202702-XLS-ENG)
 3. **Eskimo Pie Corporation** (abridged) (293084-PDF-ENG) & Spreadsheet (XLS079-XLS-ENG)
 4. **Debt Policy at UST** (HBS 200069) & Spreadsheet supplement (XLS037-XLS-ENG)

Financial Calculator/Spreadsheet

Any standard financial calculator is fine. You will need to become familiar with Excel

Course website

The course website will be on Blackboard. You can also access the publisher's MyFinanceLab site through Blackboard when you have a valid subscription. Course announcements and lecture slides will also be on Blackboard.

Course Requirements

Problem Sets:

There are several assignments. Usually, they will be due by Tu 6pm and are to be submitted online (in the MyFinanceLab).

Many questions in the midterm and final exams will be similar to the questions in problem sets. You must do the problem sets by yourself.

Case Write-ups/Groups:

Case write-ups are required for all cases and are due the beginning of class on the day the case is discussed. For obvious reasons I cannot accept a late write-up. A case write-up consists of a maximum of 2 pages of text (typed and double-spaced) plus a maximum of 3 pages of exhibits necessary to support any recommendation.

Questions will be provided to help guide and focus your analysis.

All cases are to be done in groups of 3-4 students. The groups formed will stay the same for all the cases. Try to display name cards – you are expected to participate in the discussion of the case.

Midterms and Final:

Many quantitative questions will be similar to those solved in class or assigned in problem sets.

Grading

Your grade for the course is based on the following:

Problems Sets & Cases	20%
Midterm 1	20%
Midterm 2	20%
Final	<u>40%</u>
Total	100%

Academic Integrity

Academic integrity is taken very seriously and the University rules will be followed strictly. Any problem set or exam submitted has to be your own work. University procedures will be followed for violators without exception.

Weekly Schedule

Spring 2017

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1. Introduction, Financial Statement Analysis (1/10)

- ☐ Chapter 1 (Skim)
- ☐ Chapter 2

2. Financial Decision Making and Law of One Price (1/17)

- ☐ *Problem Set 1 Due*
- ☐ I will discuss questions for the first case
- ☐ Chapter 3

3. The Time Value of Money & Case-1: Clarkson Lumber (1/24)

- ☐ *Problem Set 2 due*
- ☐ Chapter 4

4. Interest Rates/Bonds (1/31)

- ☐ *Problem Set 3 Due*
- ☐ Chapter 5/6 [Only part of chapter 6]

5. Investment Decision Rules (2/7)

- ☐ *Problem Set 4 due*
- ☐ Chapter 7

6. Midterm-1 (2/14)

- ☐ The mid-term is for 1 hour only – and will be conducted in the second half of the class session.
- ☐ *Problem Set 5*
- ☐ In the first half of the class session – I will cover some new material.

7. Capital Budgeting (2/21)

- ☐ *Problem Set 6 due*
- ☐ Chapter 8

8. Valuing Stocks & Case-2 Ocean Carriers. (2/28)

☐ *Case Report Due*

☐ Chapter 9

9. Capital Markets and the Pricing of Risk/CAPM (3/7)

☐ *Problem Set 7 due*

☐ Chapters 10/11

SPRING BREAK [Week of 3/13]

10 CAPM & Capital Structure (3/21)

☐ *Problem Set 8*

☐ Chapters 12-13

11 CAPM & Capital Structure Midterm-2 (3/28)

☐ *The mid-term is for 1 hour only – and will be conducted in the second half of the class session.*

☐ Problem Set 9 due

☐ Chapter 13 and 14

12 Capital Structure & Case-3 Eskimo Pie Corporation (4/4)

☐ *Case Report Due*

☐ Chapters 15

13 Capital Structure & Case-4 Debt Policy at UST Inc. (4/11)

☐ *Case Report Due*

☐ Readings will assigned

14 Overview Financing & Payout policies (4/18)

☐ Readings will assigned

15 FINAL: (3/25)

☐ ***2-hr Exam***