

The Wharton School
Corporate Finance (FNCE100)

Mr Krishna Ramaswamy
Spring 2017

FNCE 100: Corporate Finance

Meets Tu & Thu at 1:30pm in G60-JMHH

1 Course Description

The purpose of this course is to introduce techniques of financial analysis, with applications to corporate finance. The concepts developed in Finance 100 form the foundation for all elective finance courses. The main topics covered include (1) the time value of money and the net present value rule; (2) the valuation of bonds and stocks; (3) principles of capital budgeting ; (4) uncertainty, and the tradeoff between risk and return; (5) corporate financing and dividend policy; and (6) options.

My offering of this class includes a brief introduction (with applications) to capital markets in every topic.

Knowledge of very basic statistics and simple regression analysis is presumed: familiarity w Microsoft Excel or other spreadsheet program will be useful.

Text & Course Material

- Required: Course notes, links to relevant articles and sample exams that will be made available on CANVAS.
- Required: *Corporate Finance: The CORE* by Joel Berk and Peter DeMarzo, Pearson, 4th Ed.
You should have access to this book. I treat it as companion reading...it will round out your knowledge. Most of the text is easy reading; many of the problems are very easy, esp if you've read the text, and I will suggest that you work out selected Problems that are more challenging. So...if you do choose to purchase the text, you may also wish to purchase the solutions manual, although I plan to place at least one copy on Lippincott Reserve by the second week's end.
- A scientific or business calculator. It will be necessary for your calculator to have a x^y function. Most calculators have the basic financial functions you need:: on your work at home it's best to have access to Excel and MyFinanceLab

2 Course-related Information

Office & Hours

SHDH 3259, Campus 'phone 8-6206, email:: krishna@wharton.upenn.edu
My Office Hours: Mondays 1:30 to 3pm, Fridays 11am to 12 noon.

Teaching Assistants

I will have a team of TAs for the course; they will hold office hours in the TA Room in the Finance Suite in SHDH2400. I expect to offer one TA Office Hour every weekday...you will have plenty of opportunities for doubt-clearing! Before the midterms, we will offer additional office hours and a review session.

Weekly Memos!!!

Every Thursday night I send an email to all of you, summarizing what was covered that week, and what will be covered the next week; it will have information on Assignments, readings, Exams and so on, as reminders! *Ignore these emails at your peril.* Those of you who are non-Wharton students must send me an email if you did not receive the weekly email.. I also post a copy of this email on Canvas.

Course Requirements

Your **COURSE GRADE** will depend on your performance on:

- FIVE PROBLEM SETS on *MyFinLab* which add up to 10%, *These are due by 5pm on the following Mondays: 23 Jan, 6 Feb, 27 Feb, 20 Mar, 3 Apr.*
- *One small computer ASSIGNMENT*, to be done in groups of no more than three students, *that will count for 5%, in which you will compute measures of risk, and value a chosen firm's equity, and assess its cost of capital;*
- *TWO MIDTERMS (30% each) that will count for 60%. They are closed-book and closed notes, with a calculator and one page of formulas only.*
- *A FINAL EXAM – given in the final exam period, on FRIDAY 5 May at 3pm – which counts for 24%; closed-book, closed notes, a calculator allowed, but no formula sheet.*

Exam Schedule

- Midterm 1: Wednesday, 15 Feb, 6:10 to 8:15pm
- Midterm 2: Wednesday, 12 Apr, 6:10 to 8:15pm
- Final Exam: Friday, May 5, 3-5pm.

These dates are lapidary – written in stone!! All exams are closed book, closed notes – bring a calculator, some pens, and immobilise – drowning is OK! – your cell-phone.

All exams are cumulative – i.e. they will cover material upto and including the week before the exam; Midterm 2 will emphasise the material covered after Midterm 1, but the final exam will stress the whole course!

There are no make-up dates for midterms... The make-up date for the Final follows University policy and will take place the following semester.

All regrade requests must be made in writing within one week of the day the exams are returned. Any exam submitted for regrading of a question will be subjected to a complete regrading. You should NOT engage the TAs in any discussion related to grading or regrade requests... direct all those questions to me.

Prob Sets & Assignment

You cannot work in groups on the MyFinLab problem sets! The *MyFinLab Interactive Prob Sets* follow the text closely, so you should be able to do them with relative ease, If you have any confusion, you can discuss the line of attack with a colleague or the TAs, but you must work on them interactively before submitting them yourself, in a straight-backed chair with several sharp pencils and a wet towel nearby. They are graded automatically. If you didn't do the Problem Set yourself, skip it; don't get someone to do it for you. If you miss the deadline for the Problem Set, MyFinLab will not accept your late attempt, and I have no control over it! Here's some motivation: diligent working on the Problem Sets will prepare you well for a large part of each exam; the examples and discussion in class will be deeper, and mastering that content will prepare you for the rest of the exam.

The computer assignment is to be completed and handed in by groups of at most three students. It's a small assignment (5-7 pages including exhibits), but much is learned by working as a team on the data assembly and Excel. it's small enough in the time commitment needed and it is worth only 5% – that I will **randomly** assign you to groups of three. That assignment is due on 24 April by noon.

Your Calendars

Mark the following dates into your calendars: as you can see, there is a steady flow of work demanded in this course!

<i>Date</i>	<i>Event</i>	<i>Time & Where</i>
Mon 23 Jan	Problem Set 1 Due	By 5pm on MyFinLab
Mon 06 Feb	Problem Set 2 Due	By 5pm on MyFinLab
Wed 15 Feb	Midterm 1	6:10–8:15pm, Rooms TBA
Mon 27 Feb	Problem Set 3 Due	By 5pm on MyFinLab
Mon 20 Mar	Problem Set 4 Due	By 5pm on MyFinLab
Mon 03 Apr	Problem Set 5 Due	By 5pm on MyFinLab
Tue 04 Apr	NO CLASS	TODAY
Wed 12 Apr	Midterm 2	6:10–8:15pm, Rooms TBA
Mon 24 Apr	Computer Group Assignment Due	By 5pm in 2400 SHDH
Fri 05 May	Final	3–5pm, Rooms TBA

How the lectures are run

Each lecture's slides will be posted on Canvas in PDF form, so you can download them and print them in your desired format to take notes. I will cover pretty much all the slides I post: only occasionally do I annotate a slide in class as DIY (Do-It-Yourself).

I will bring reduced, double-sided and 3-hole punched copies of the slides to class. They will be available by the door as you enter class, and the Reprographics charge will be billed to you.

After each week's lectures, I will annotate some selected slides with additional notes and post that version on Canvas.

Your best way to keep on top of the material? *Follow the instructions in the Thursday Weekly Emails, skim/read the assigned readings for the following week, attend the lectures, then do the practice problems in MyFinLab as many times as you like before you start the assignment (it times your attempt which is useful info for future years for me and for other instructors who use the book!, I do not take it into account in the grade) and submit it by 5pm on the Monday it's due. Emphasize the concepts and ideas, and in lectures follow the special emphasis on contextual and institutional material.*

Other Weighty Matters

- *I will distribute a topics outline and an approximate lecture-wise breakdown for these topics in class Thu 12 Jan.*
- *Please print this syllabus and place it in your binders/organizers... it has valuable info, and although I place most handouts in Canvas so you will find it there, it will save you time.*
- *At the start of term I will make arrangements for Lunch-and-Learn lunches on Mondays (11:30am) and Wednesdays (12 noon) at either POD or PENNE" I recommend that you sign up in groups of 6 please. If you cannot make those times, let me know asap and I will shoot for an early dinner or a lunch on Thursday at 11:30am.*
- *It's wise to attend the first lecture on Thursday 12 Jan after reading through this syllabus carefully... I will take Qs about the course, and then run through a (hopefully!) useful introduction to finance!*

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