

**Finance 100 – Corporate Finance, Fall 2018**  
**The Wharton School, University of Pennsylvania**

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**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) capital budgeting decisions; (3) valuation of bonds and stocks; (4) uncertainty and the tradeoff between risk and return; (5) corporate financing decisions; (6) options.

**Professor**

Chaojun Wang

Office Hours: Wednesdays 6-7pm in SH-DH 2458

**Teaching Assistants**

George Cary (Head TA)

Office Hours: Tuesday 1:30-3:30pm (Finance Dept. SHDH 2305)

Harrison Beard

Office Hours: Monday 7:00-9:00pm (Location: TBD)

Eduardo Gutierrez

Office Hours: Friday 1:00-3:00pm (Finance Dept. SHDH 2305)

Max Norleans

Office Hours: Thursday 3:00-5:00pm (Finance Dept. SHDH 2305)

Any changes to office hour times and locations will be posted on Canvas.

**Piazza**

[piazza.com/upenn/fall2018/fnce100/home](https://piazza.com/upenn/fall2018/fnce100/home)

Please post your questions about course materials and problem sets on Piazza. You are also strongly encouraged to discuss and answer other students' questions on Piazza – Discussing among peers is a much better way to learn than simply getting answers from the TAs. Piazza participation will be counted toward a 5% course participation grade outlined below.

**Course Email**

fnce100.fall2018@gmail.com

Please direct all other questions to this address. Emails will be replied in 48 hours. Again, please post your homework questions on Piazza – you will get an answer much more quickly.

### **Course Material**

- Course notes/slides, assignments and practice exams (Canvas)  
We will mostly use slides during class. The notes cover the same concepts with a different set of examples. Both are very important.
- A scientific or business calculator. It will be necessary for your calculator to have a  $x^y$  function. Some problem sets will require use of excel or some other simple statistical software.
- Recommended: Corporate Finance by Ross Westerfield and Jaffe.  
There is a special edition for Finance 100 that includes only chapters we cover in the course that is less expensive.

### **Problem Sets**

All assignments are due in class. Please submit a paper copy in your own section so that your grade can be entered into Canvas properly. Email assignments will not be accepted. Your two lowest homework scores will be dropped. Late assignments will not be accepted.

### **Grading**

Grades will be based on the midterm exams (25% for the first, 25% for the second), the problem sets (10%), participation (5%), and the final exam (35%). All exams will integrate materials from the beginning of the semester. You will be allowed one double-sided page of notes for the first midterm, two double-sided pages for the second, and three double-sided pages for the final. You will need a calculator for the exams. Cell phones or laptops are not allowed during exams. Your lowest midterm grade will be replaced by your score on the final if that increases your performance.

### **Lectures**

If possible, please go through the lecture notes *before* each class. Please be on time, because we will take attendance and answer simple question(s) from each lecture using Mentimeter, and often at the beginning of the lecture. If you do not use a smartphone, you can submit your answer on a piece of paper. Your Mentimeter answer will not be scored, but your participation in

classroom and Piazza discussion will be counted toward the 5% of the final grade. You are allowed (but discouraged) to be absent for three lectures without affecting your participation grade. Missing more than 3 lectures implies a loss of the total 5% participation grade.

### **Exam Schedule:**

- First Midterm: Wednesday October 3, in class.
- Second Midterm: Wednesday October 31, in class.
- Final: Wednesday December 19, 6–8pm. Location TBD.

Students are forbidden to discuss exams during the period between sections. 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 can be subjected to a complete regrading. Your score may go up or down as a result of the regrade.

### **Exam Absences**

There will not be any make-up final except as required by university policy. Since your lowest midterm grade may be substituted by your final grade, there will be no makeup midterm exams under any circumstance.

### **Study Groups**

You are encouraged to work in groups on the problem sets, but you must hand in your own answers. It is also highly recommended that you regularly review the readings and class notes with your study group.

### **Lunches**

Wharton is kind enough to fund meals for students and faculty. There is a sign up sheet on Canvas and many slots for you to have a meal with me in groups of 3 to 7 students. This is entirely optional, but I hope it is a fun way for us to get to know each other.

### **Electronics**

Other than using Mentimeter, electronics are *not* allowed during class.

### **Honor Code**

Students are expected to respect the Code of Academic Integrity

[http://www.upenn.edu/academicintegrity/ai\\_codeofacademicintegrity.html](http://www.upenn.edu/academicintegrity/ai_codeofacademicintegrity.html)

## Course Schedule

Date	Topic	Chapter	Assignment
8/29	Intro, Time value of money 1	4.1	
9/3	Labor day		
9/5	Time value of money 2, NPV and other investment rules 1	4.2-4.4	
9/10	Fixed Income	8.1	PS 1 due
9/12	Fixed Income		
9/17	Equity	9.1,9.2	
9/19	Equity	9.3	PS 2 due
9/24	NPV vs. IRR	5.4,5.5	
9/26	NPV vs. IRR		PS 3 due
10/1	Capital Budgeting in Practice	6.1-6.5	
10/3	Midterm 1		PS 4 due
10/8	Capital Budgeting in Practice		
10/10	Risk and Return	10.1-10.6	PS 5 due
10/15	Risk and Return	11.2	
10/17	Portfolio Choice	11.3,11.4	
10/22	Portfolio Choice	11.5-11.7	
10/24	CAPM	11.8, 11.9	PS 6 due
10/29	CAPM	13.1-13.3	
10/31	Midterm 2		PS 7 due
11/5	Capital Structure 1	16	
11/7	Capital Structure 2	16	
11/12	Capital Structure 3	16	
11/14	Capital Budgeting with Leverage 1	18	PS 8 due
11/19	Capital Budgeting with Leverage 2	18	
11/21	No Class (Thanksgiving)		
11/26	Option Definitions and Strategies 1	18.5-18.7	PS 9 due
11/28	No Class		
12/3	Option Definitions and Strategies 2	22.1-22.4	
12/5	Option Valuation	22.6-22.8	PS 10 due
12/10	Review		
12/19	Final Exam 6pm - 8pm, Location TBD		

Chapter denotes textbook readings. Please see the Files section of Canvas for additional material. Dates are approximate.