

Corporate Finance Syllabus - Summer 2019
Date: May 24, 2019

Course Information:

Times: TTh from 4:30-8:20pm
Location: JMHH 370

Professor:

Name: Ronel Elul
Phone: (215) 574-3965
Email: elul@wharton.upenn.edu (the best way to contact me)
URL: <https://canvas.upenn.edu/>
Office Hours: Weds 845-930am in SHDH 2452, and most days after class

TA: Chelsea Liu (liujing6@sas.upenn.edu)
Office Hours: Mondays 3-5pm (location TBA)

Course Description: This course serves as an introduction to finance through the lens of the corporation. It will cover some of the theory and practice of decision-making within the corporation, as well as assorted other topics; we will not attempt to cover the whole of this vast subject. Basic courses in Microeconomics and Statistics are *prerequisites*. Introductory accounting is also recommended but may be taken concurrently.

Reading Material: The main reference for this course will be the packet of slides and class notes, which you should purchase from Wharton Reprographics and bring with you to class. In addition, the textbook for the course is the *twelfth* edition (12th ed) of Principles of Corporate Finance, by Brealey, Myers and Allen (BMA); a detailed outline - with references to this text - is attached. You may also find the solutions manual to this textbook to be helpful; a copy will be on reserve in the library. Finally, there is a packet of slides, cases, and other readings which is available through Canvas (look for the link to study.net).

Grading Policy: Your grade will be based on a midterm exam on Thursday **June 13** (25%), a comprehensive final on Tuesday **July 2** (50%) and four cases (25%). I will also replace your midterm grade with your final exam grade if it is higher. You should work together in teams of 3-4 (but no more) on your cases, and should hand in a joint solution with all of your names on it; please note, however, that each of you is required to pull his/her weight. Finally, regrading requests must be submitted in writing within one week of the return of the exam or assignment; please note that any such request will subject the work to a *complete regrade*.

Corporate Finance – Tentative Course Outline

Dates subject to change. Case questions will be posted on Canvas.

5/28: Session 1: Introduction; Types of Business Organization. Goals of the Corporation (Skim BMA 1). Form Groups.

Session 2: How Corporations Finance Themselves (BMA 3.6, [skim 4.1], Ch 14; 23.3, 24.1 [skim rest of chapter]).

Session 3: Issuing Securities (BMA 15.2-15.5; Microsoft IPO article). Venture Capital (BMA 15.1)

5/30: Session 4: Present Value (BMA Ch 2, 3.1, 3.2, [skim 3.3], 3.5, 3.5, 5.3, 6-3, 23-1

Session 5: Valuing Stocks (BMA 4.2-4.5)

6/4 (class ends at 630): Session 6: Determining Project Cash Flows (BMA 6.1, 6.2, 25.3).

Session 7: Introduction to Risk and Return in Security Markets (BMA 7.1, 7.2)

6/6: Session 8: Mathematics of Portfolio Risk (BMA 7.3, 7.4).

Session 9: Portfolio Risk, continued (BMA 8.1); Short-selling and buying on margin

Session 10: The Capital Asset Pricing Model (CAPM) (BMA 8.2, 8.3, [skim 8.4])

Walmart Case Due

6/11: Midterm Review (bring old exams).

Session 11: Capital Budgeting with the CAPM (BMA 9.1, 9.2, [skim 9.3])

Atlantic Case Due

6/13: * Midterm Exam [Covers through session 9; also includes Walmart & Atlantic Cases] *****

Session 12: The Modigliani-Miller Theorems on Capital Structure (BMA 17.1-17.3)

6/18: Session 13: The Tradeoff Theory (BMA 18.1, 18.3; [18.2 optional]).

Session 14: Capital Budgeting and Taxes (BMA 17.4, 19.1-19.4)

Alex Sharpe Case due.

6/20: Session 15: Capital Structure with Asymmetric Information (BMA 18.4)

Session 16: Dividends - an Overview (BMA 16)

Session 17: Market Efficiency (BMA 13)

6/25: Session 18: Introduction to Options and Derivatives (BMA 20; 21.1-21.2). **Dixon Case Due**

6/27: Last Class - Conclusion and Review.

7/2 * Final Exam: 430-630pm - Covers all non-optional material *****