

**Finance 100 – Corporate Finance, Fall 2019**  
**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 SHDH 2458

**Teaching Assistants**

Amy Dai

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

Max Norleans

Office Hours: Tuesday 4:30-6:30pm (Finance Dept. SHDH 2305)

Aaron Yu

Office Hours: Thursday 2:00-4:00pm (Finance Dept. SHDH 2305)

TA office hours start from the second week (the week of September 2). Any changes to office hour times and locations will be posted on Canvas.

**Piazza**

[piazza.com/upenn/fall2019/fnce100/home](https://piazza.com/upenn/fall2019/fnce100/home)

Piazza is the only electronic platform for course-related Q&As. (1) You are 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. (2) For questions that you would like to direct to instructors only, you can use the feature “visible to instructors only” on Piazza. (3) Emails or text messages sent to a personal email address or a cell phone of a TA or an instructor will *not* be replied.

## Course Material

- Course notes/slides, assignments and practice exams (Canvas)  
We will mostly use slides during class. The lecture notes cover the same concepts with a different set of examples. Both are very important.
- A calculator that has a  $x^y$  function. A scientific or a business calculator will suffice. Some problem sets will require use of excel or some other simple statistical software.
- Optional: 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 and late assignments will not be accepted. You will be rewarded full credit on a problem set if you have made a good-faith effort to answer *all* the questions, and if you hand in the problem set on time.

## 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 be cumulative, integrating 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 the substitution 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 questions using Mentimeter, and often at the beginning of the lecture. If you do not use a smartphone, you can submit your Menti answer on a piece of paper. Your Menti answer will not be scored. 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: Monday October 7, in class.
- Second Midterm: Wednesday October 30, in class.
- Final: Monday December 16, 6–8pm. Location TBD.

Students are forbidden to discuss exams during the period between sections. All regrade requests must be submitted to TAs within one week after grades are released. 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 allowed 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.

**Faculty-Student Meals**

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 required to respect the Code of Academic Integrity

<http://www.upenn.edu/academicintegrity/ai.codeofacademicintegrity.html>

## Course Schedule

Date	Topic	Assignment
8/29	Intro, Time value of money 1	
9/2	Labor day	
9/4	Time value of money 2, NPV and other investment rules 1	
9/9	Fixed Income	PS 1 due
9/11	Fixed Income	
9/16	Equity	PS 2 due
9/18	Equity	
9/23	NPV vs. IRR	PS 3 due
9/25	NPV vs. IRR	
9/30	Capital Budgeting in Practice	PS 4 due
10/2	Capital Budgeting in Practice	
10/7	Midterm 1 (in class)	PS 5 due
10/9	Risk and Return	
10/14	Risk and Return	
10/16	Portfolio Choice	
10/21	Portfolio Choice	
10/23	CAPM	PS 6 due
10/28	CAPM	
10/30	Midterm 2 (in class)	PS 7 due
11/4	Capital Structure 1	
11/6	Capital Structure 2	
11/11	Capital Structure 3	
11/13	Capital Budgeting with Leverage 1	PS 8 due
11/18	Capital Budgeting with Leverage 2	
11/20	Option Definitions and Strategies 1	PS 9 due
11/25	Option Definitions and Strategies 2	
11/27	No Class (Thanksgiving)	
12/2	Option Valuation 1	
12/4	Option Valuation 2	
12/9	Review	PS 10 due
12/16	Final Exam 6pm - 8pm, Location TBD	

Dates are approximate.