



Department of Finance

Dr. Tayyeb Shabbir

Spring, 2021

FNCE 100: Corporate Finance (Online via Live Zoom Sessions)

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, and (6) introduction to options.

Important Course Modality Information:

- Because of the unique situation due to COVID-19, the course modality will not be the traditional face to face one. As alternative instruction modality, using Zoom as a videoconferencing platform, I will deliver live or synchronous lectures during the twice weekly class contact hours. You will have a more engaging learning experience with opportunities for discussion as well as your questions being answered by the professor in real time. The recordings of these sessions will also be available for later reference.
- I, as well as each of the course TAs, will hold videoconference-enabled virtual office hours. In addition, we will all be available via email as well to respond to your queries and provide any needed help with the course material.
- My goal is to make the course equal or superior to the traditional face to face course in its effectiveness regarding meeting our learning goals and the quality of experience.

Instructor: Dr. Tayyeb Shabbir shabbir@wharton.upenn.edu

Office/Hours: TBA

TAs and Their Office Hours TBA:

Course Material and Resources:

- **Textbook and MyFinance Lab (MFL):**

Textbook for the course will be Corporate Finance Berk/DeMarzo 5 e (2020) Pearson (available as an Etext in the choice of packages below)

1. Etext + MyFinance Lab (MFL) – ISBN #: 9780135161081

2. Etext + MyFinance Lab (MFL) + Loose leaf copy – ISBN #: 9780135636015 (Combo Card - access card to MyFinance Lab (MFL) with Etext + a prepaid loose-leaf version of the book that can be shipped to the student directly for no additional shipping charge.

If you have any difficulty locating the package of your choice, please check with the Bookstore's General Manager, Lew Claps, at lewclaps@upenn.edu or email me at shabbir@wharton.upenn.edu.

Financial Calculator/Excel: The recommended (supported) calculator for the course is a 'BA II PLUS (Texas Instruments)'. You may also use any other calculator or Excel to solve the assignments and exam questions.

- **Online Resources:**

- **Canvas Course Site:** I will post all PowerPoints, lecture recordings and other relevant course material (including assignment deadlines etc.) on Canvas. Since it will be the essential dashboard for navigating the course, please set your Canvas notifications settings to ASAP. It will be your responsibility to be aware of all Canvas posts in a timely manner.
- Online Economics and Finance Dictionary: www.investopedia.com/dictionary

- **Recommended Journals/Newspapers Readings:**

- Regularly browse through at least two of the following publications (available free via Penn library – if needed, consult a reference librarian) for articles pertinent to the theme of this course. You may bring the ones you like the best to my attention via email so that I may consider sharing them with the rest of the class.

Wall Street Journal www.wsj.com

Financial Times www.ft.com

Bloomberg BusinessWeek www.bloomberg.com/businessweek

Economist www.economist.com

How can you be ready for class?

- At least browse through the material that we are scheduled to go over in the class before you join. Pay attention to the Canvas posts regarding the course schedule.

How can you do well on the exams?

- Be intentional about attending the synchronous lectures and/or reviewing the recorded lectures regularly. Go over the PowerPoints before the start of the class as well as review lecture notes/recordings after the class, (virtually) interact with the TAs and the professor during the office hours, and take care of all assignments in a timely fashion.
- Important note regarding the possible emphasis and “mastery” of the textbook vs. the material covered in the class: The textbook is used as an essential background resource and can be a helpful supplementary guide. However, your main priority should be to focus on the materials emphasized in the lectures and referenced in the syllabus, some of which may include textbook chapters. I recommend that you use the material that I cover

- in class lectures or explicitly assign via the Reading List/FML etc. as your primary framework of material relevant for learning as well as for exam preparation.
- Besides, FML exercises, you may be provided additional practice questions or sample questions of the type that may represent exam questions. These resources should help you prepare for the course exams.

COURSE REQUIREMENTS AND GRADING:

Your course grade will be based on the following items with the corresponding relative weights.

	<u>Rel. Wt.</u>
1. Exam # 1	25%
2. Exam # 2 (Non- cumulative)	30 %
3. Final Exam (Non- cumulative)	35 %
4. MFL Assignments	15 %

Important Notes about the Exams and other Course Requirements

- **Exams:**
 - **Exam Dates:** I have noted the exam dates later in this syllabus. Note that the exam hours may be outside of regular class hours, however, they will be announced prior to the start of the semester.
 - **Make-up Exam Policy:**
Please note that there will not be any make-up exams except as required by university policy (such as documented medical emergencies).
 - **Style of Exams:** Though subject to change, I expect the exams to be primarily of a multiple-choice format with possibly a very few 'short answer questions' if at all. However, determining the 'correct' multiple choice answer may often require analysis or numerical solutions.
 - **Disability Accommodation:** Penn's Student Disability Service (SDS) will provide any needed Disability accommodations. To be eligible, make sure that the SDS office has notified me on your behalf via email as soon as the semester starts that you need such accommodations. It will be necessary to request a required alternate exam arrangement for disability accommodations at least one week before the exam's start date. You will be informed of the nature of the accommodations made as a result.
 - **Cheat Sheets and other allowed/disallowed items:** All exams will be closed-book and closed-notes. You must attempt them individually without any help from any other electronic source or any person. No cheat sheets of any kind are permitted.
 - **Exam Regrade Policy and Procedure (please carefully read the complete information):**
 - Submit any requests for regrading of exams in writing within one week from the date of posting of grades of such exams on Canvas. For the final exam, make regrade

requests within one week from the submission of the course grade by the instructor to the University Registrar.

- Requests for regrading must be very specific and should provide the reason why you believe a regrade requested is merited.
- Any regrade request must be accompanied by the official Regrade Request form and Statement of Honesty in Regrade Request form, which are available on Canvas. Please review the Code of Academic Integrity at http://www.upenn.edu/academicintegrity/ai_codeofacademicintegrity.html.

- **MFL Problem Sets:** You will be able to access these via “My Lab and Mastering” tab right from the course’s Canvas site. There are problem sets for most of the chapters and you need to keep track of the due dates via Canvas. You can have a maximum of 3 attempts before you decide to submit your response for grade. The relative weight for the MFL exercises is 15% in the course grade. However, very importantly, the MLE program provides learning feedback for each incorrect response. Thus, these problem sets are great learning tools and should help you to prepare for exams as well.

TENTATIVE SCHEDULE (For Class Meeting Tue, Thu; the dates for M, W section to be adjusted accordingly):

This calendar and the list of topics are subject to change. Please consult Canvas site for all updates.

Dates are subject to change.

Date	Class	Topic	Chapters	MFL*
Thu Jan 21	1	Introduction, Time Value of Money (TVM)	1, 4	
Tue Jan 26	2	Time Value of Money CF Streams	4, 5	
Thu Jan 28	3	TVM Continued; Practical Problem-Solving Session 1	5	
Tue Feb 2	4	Financial Statements Analysis	2	
Thu Feb 4	5	Bonds – Nature and Valuation	6	
Tue Feb 9	6	Bonds – Nature and Valuation continued	6	
Thu Feb 11	7	Stocks – Nature and Valuation	9	
Tue Feb 16	8	Stocks - EMT	9, 13	
Thu Feb 18	9	Review for Exam # 1		
Tue Feb 23		Online Term Exam # 1		
Thu Feb 25	10	Capital Budgeting - Investment Decision Rules	7	
Tue Mar 2	11	Capital Budgeting - Investment Decision Rules Continued	7	
Thu Mar 4	12	Fundamentals of Capital Budgeting	8	
Tue Mar 9	13	Fundamentals of Capital Budgeting	8	
Thu Mar 11		SPRING BREAK March 10, 11		
Tue Mar 16	14	Risk & Return I – Statistical Analysis	10	
Thu Mar 18	15	Risk & Return II – CAPM	11	

Tue Mar 23	16	Portfolio Choice	11, 12	
Thu Mar 25	17	Practical Problem-Solving Session 2	12	
Tue Mar 30	18	Review for Exam 2		
Thu Apr 1		Online Term Exam # 2		
Tue Apr 6	19	Cost of Capital, Capital Structure	12, 14	
Thu Apr 8	20	Capital Structure	14, 15	
Tue Apr 13	21	Capital Structure	15, 18	
Thu Apr 15	22	Financial Distress	16	
Tue Apr 20	23	Practical Problem-Solving Session 3		
Thu Apr 22	24	Options and Derivatives	20	
Tue Apr 27	25	Options and Derivatives	20	
Thu Apr 29	26	Review for Final Exam (Final Exam date per Registrar during May 4-11)		

* These Assignments and their due dates will be noted on Canvas.