

FINC 333 Financial Management

Fall 2023

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Course Description

Broadly speaking, Financial Management can be summarized into two decisions: 1) what investments to make and 2) how to finance those investments. The first half of the course reinforces the tools necessary to make those decisions. Such topics include time value of money, investment decision rules, and a discussion of risk and return. The second half of the course will delve deeper into corporate finance issues, including the valuation of corporations as well as finance strategies that corporations can make to increase shareholder wealth. Topics include financial statement analysis, enterprise value, capital structure, and risk management. Throughout the course, students will gain exposure to practical modeling techniques in Excel.

Prerequisites

FINC 313 Business Finance

Learning Objectives

By the end of the course, students should be able to:

- Identify the advantages and disadvantages of organizing as a sole proprietorship, partnership, limited liability company and corporation.
- Explain the goal of the firm and the conditions under which the pursuit of it is beneficial for society.
- Conduct ratio analysis of financial statements while demonstrating best practices using Excel.
- Apply time value of money concepts to solve problems involving mortgages, amortized loans, saving for retirement, and valuing bonds.
- Explain the rationale behind investment decision-making rules—Net Present Value, Internal Rate of Return, Profitability Index, and Payback Period—and correctly apply them



to select investments that add value.

- Forecast the free cash flows and financial statements of projects and firms
- Value projects and firms.
- Explain how an investment's risk should be measured and how its opportunity cost of capital should be estimated given the risk of the investment.
- Estimate a firm's (project's) Weighted Average Cost of Capital, and correctly apply it in company (project) valuation.
- Explain how firms manage their working capital requirements and solve problems involving management of cash, accounts receivable, inventory and accounts payable.
- Show how companies forecast cash flows to determine short-term financing needs.
- Compare alternative methods of financing short-term cash shortfalls with bank loans, commercial paper and secured financing.
- Describe the features of financial options and correctly apply them to problems in risk management and evaluation.
- Apply option concepts to business investment decisions.
- Provide the pros and cons of financing new projects with debt, equity, or internal financing.
- Know when and how to value real options.

Course Materials

1. **EBook and Online Connect Access [Required]:** *Fundamentals of Corporate Finance, 11th edition* by Brealey, Meyers, and Marcus. We have set up a deal with McGraw-Hill for a reduced rate.
 - If you took FINC 313 in the last semester, you will have 360 days of Connect access to the book, and will not need to repurchase for this course (**Access Connect through Canvas**)
 - Purchase Online \$90.00 ISBN: 9781264031771 (360 days worth of Connect Access)
 - Purchase at the Bookstore \$130.00 ISBN: 9781264034765 (The bookstore option comes with a loose leaf version of the book)(360 days worth of Connect Access)
2. **Laptop (or iPad) [Required]:** A computer will be required to build Excel Models, access online homework, and take in class quizzes & exams.
3. **Quickly Attendance App [Required]:** This is to keep track of attendance
4. **Shared Excel and OneNote Files [Optional]:** On Canvas you will find links for the OneNote and Excel files that I use during lecture. You can open these files and follow along real-time during the lecture.



5. **Zoom Recordings [Optional]:** All class lectures are recorded with Zoom. Although you cannot attend class via Zoom, if you miss class or would like to re-watch a class, you can access the cloud recordings on Zoom through the link on Canvas.

Grade Determination

ASSESSMENT	WEIGHT
Exams	200 Points
Connect Problem Sets	40 Points
Quizzes	20 Points
Project & Presentation	20 Points
Attendance & Participation	20 Points
Total	300 Points

The final percentage score for the course will be the sum of your points across the categories divided by the total possible points. A letter grade will be assigned according to the following breakpoints:

GRADE	Percentage Breakpoints	Points Needed
A	≥ 93	279
A-	90-92.99	270
B+	87-89.99	261
B	83-86.99	249
B-	80-82.99	240
C+	77-79.99	231
C	70-76.99	210
D	60-69.99	180
F	60	0

No incomplete grades will be assigned for failing grades at the end of the semester.



Exams – 200 Points

There will be three exams in the course. The exams will be administered on the dates listed on the schedule at the end of the syllabus. The third exam will be held during finals week and will be cumulative. Each exam is worth 100 points, but **the lowest exam grade will be dropped**.

This format is beneficial in several ways:

- You can miss an exam for any reason.
- You can drop an exam that you were unprepared for or anxious about.
- You can skip the final exam if you are satisfied with your grade from the first two exams.
- You can improve a borderline grade by performing well on the final to replace your lowest exam grade. (Taking the final cannot hurt your grade.)
- **There are no unexcused make-up exams.** Dropping the lowest exam grade allows you to miss up to one exam for *any* reason. If you miss either of the first two exams due to an unexcused absence, plan on dropping that exam as your lowest grade and taking the cumulative exam. For *excused* absences, you will be asked for supporting documentation (a dean's note, doctor's note, or death certificate, etc) and you will need to schedule a make-up exam.

Connect Problem Sets – 40 Points

Eight problem sets will be assigned throughout the class. The problem sets are equal weighted. Note: although the questions are related to content being covered in class, they are in some cases framed differently from the questions you will see in class. As such, you may need to refer back to the book or other solutions for a model on how to solve. Keep in mind, you will have an unlimited number of attempts to solve each problem set before the deadline. There will be one or two homework questions on each exam.

Quizzes – 40 Points

There are two quizzes through the course. Each quiz is worth 20 points and will consist of 2-3 questions.

Projects & Presentation – 20 Points

Communicating the findings and recommendations from your financial models is critical in finance – both for job interviews and when you are working with clients. You will be required to present the results from your last excel project to the class.

Near the end of the course, you will, in small groups, apply the concepts we cover in class to a current corporate setting. This could include the valuation of a corporation or an investment opportunity that a company is considering.



Attendance & Participation – 20 Points

Attendance and participation are required in the course. Attendance and participation will be recorded with a combination of Qwickly Attendance, as well as periodic in class questions or in class assignments. Your score will be a percentage of the 20 points available. If I record 15 days of attendance, and you come to 13 of those classes, your attendance score will be $13/15 \times 20 = 17$ points. **You will be able to miss up to two days before your attendance score is affected.**

Grading errors

If you believe that any of your work is graded or recorded incorrectly, you may submit a written appeal (email is okay) for review within one week of the time grades are reported.

Late Assignments

Projects are due by 11:59PM of the due date. Late assignments of these types will be accepted, but with a 10% penalty each day the assignment is late.

Instructor Availability

I am available in my office during the stated office hours. Please feel free to come by with any finance or career related questions. I respond to emails during regular business hours, generally within 24 hours, but sometimes longer depending on research requirements.

Students with Disabilities

Students with disabilities who require accommodations to participate in course activities must register with Disability Services. If you qualify for services through DS, please bring your letter of accommodation to me as soon as possible, and let me know what I can do assist you in the course.

Additional Resources

- Supplements to the Course
 - [Corporate Finance Undergraduates \(Spring 2016\) by Damodaran](#) – My Financial Management course is based on the Corporate Finance Course offered by Damodaran



at New York University (NYU). For more clarification on a topic from my class, I encourage you to watch his lectures on Youtube in addition to referencing the course textbook.

- *CFA Program Curriculum 2018 Level I Volumes 1-6 Box Set (CFA Curriculum 2018) 1st Edition* by CFA Institute.
- www.seekingalpha.com
- On Writing
 - *The Elements of Style* by Strunk and White – Get to the point!
- On Presenting
 - *Made to Stick* by Heath and Heath – make three claims with supporting evidence (do not simply present facts)
- On Choosing and Obtaining a Job
 - [US News Best Business Jobs](#)
 - [Occupational Outlook Handbook](#)
 - [Fulfilling Careers and Full Lives - Alex Edmans](#) – Finance Professor at Wharton
 - www.glassdoor.com (Provides job interview questions)
 - www.stocktrak.com (Students have obtained interviews from this website)
 - www.mergersandinquisitions.com
- Prominent Financial Research
 - Size and Value: Fama, Eugene F., and Kenneth R. French. 1992. “The Cross-Section of Expected Stock Returns.” *The Journal of Finance* 47 (2):427–465.
 - Momentum: Jegadeesh, Narasimhan, and Sheridan Titman. 1993. “Returns to Buying Winners and Selling Losers: Implications for Stock Market Efficiency.” *Journal of Finance* 48 (1):65–91.
 - Can find articles at Google Scholar for free while you are a student (search while on campus)
- Learning R or Python
 - I have not watched these – please provide me feedback if you get a chance to go through them!
 - [MarinStatsLectures-R Programming & Statistics](#) – YouTube
 - [Learn R by Intensive Practice](#) – YouTube
 - [R Tutorial - Learn R Programming](#) – YouTube
 - [Learn Python the Hard Way](#) – YouTube
 - [Python 3.4 Programming Tutorials](#) – YouTube
 - [Learn Python: Code Academy](#) – YouTube
 - [Introduction to Programming using Python](#) – YouTube



- Good Videos on YouTube
 - How The Economic Machine Works by Ray Dalio
 - Cliff Asness: A Brief and Biased Survey of Quantitative Investing What Works on Wall Street by Jim O’Shaughnessy
 - Financial Markets (2011) with Robert Shiller at Yale
 - Guest Speaker David Swensen in Shiller’s Financial Markets Yale Course
 - Guest Speaker Maurice ”Hank” Greenberg in Shiller’s Financial Markets Yale Course
 - What to trust in a ”post-truth” world | Alex Edmans – Finance Professor at Wharton | Ted Talk



Course Schedule

The following class schedule is a tentative plan for this course.

Week	Lecture Topics	Assignments
Week 1	Present Value - Time Value of Money	Problem Set 1
Week 2	Bonds	Problem Set 2
Week 3	Interest Rate Risk and Quiz 1	Quiz 1
Week 4	Investment Decision Rules	Problem Set 3
Week 5	Free Cash Flows and Capital Gains	Problem Set 4
Week 6	Review Questions and Exam 1	
Week 7	Financial Statement Analysis & Working Capital Management	Problem Set 5
Week 8	Valuation Principles	Problem Set 6
Week 9	Enterprise Value and the Discount Rate	Problem Set 7
Week 10	Financial Statements and Quiz 2	Quiz 2
Week 11	Group Project	
Week 12	Real Options, Statistics, and Monte Carlo Simulations	Problem Set 8
Week 13	Review Questions and Exam 2	
Week 14	Final Exam	

