

University of Michigan, Ross School of Business

FIN 300: Financial Management

Winter 2019

Instructor: Matteo Crosignani

Class time, Location:	001: Monday & Wednesday, 8:30am-10:00am, R0240 BUS 002: Monday & Wednesday, 10:00am-11:30am, R0240 BUS
Office Hours:	Monday 4:15pm – 5:45pm and by appointment Exceptions – such as additional office hours before exams – will be announced in class or on Canvas.
Office:	R5456
Student Office Hours:	Dates and times to be announced
E-mail:	mcrosign@umich.edu
Course website:	canvas.umich.edu .

Course description and objectives:

FIN300 is designed to familiarize students with the basic tools and concepts of finance, and to enable students to pursue additional courses in investments, corporate finance, capital markets, and financial institutions. Financial Management topics will include the time value of money, the valuation of riskless and risky assets, market efficiency, corporate investment decision making, capital structure decisions, and risk management.

The course will be primarily lecture based. Lectures will cover theoretical concepts necessary to analyze complex financial decisions as well as examples and applications used in the industry.

Course materials

The readings and requirements for the course are based on Ross, Westerfield and Jaffe's "Corporate Finance". You can purchase the eBook at a discounted price at <http://connect.mheducation.com/class/m-crosignani-spring-2019>. You can find a video illustrating the registration process at <https://vimeo.com/album/5316669/video/281873192>. Feel free to purchase used versions and/or older versions (8th, 9th, 10th, 11th edition). Bear in mind: Slight changes will most likely exist between editions (different numbers in examples, sometimes different order of chapters, etc.) but the concepts remain the same.

Besides this book, any additional material will be either handed out in class or posted on the course website.

A simple calculator or financial calculator is required. A *financial calculator* is recommended but not required. Many of the problems you will encounter require arithmetic operations that are easier to solve with a financial calculator than with non-financial calculators, especially in the limited time frame of an exam. If you decide to use a financial calculator, it is your responsibility to learn how to use it. I will have TAs help you to learn how to use it. We will not spend class time on learning how to use a calculator.

Homework Assignments

Four problem sets will be posted on the course website. You must turn in your homework by 11.59pm on the due date. **No late homework will be accepted.** Homework due dates are:

Homework 1: February 4

Homework 2: February 20

Homework 3: Mar 27

Homework 4: April 17

You are allowed to work together on homework assignments – and I encourage you to work together! However, you must hand in **your own individual homework. Photocopies of others' work are unacceptable. You must show how you obtained all your answers.**

Homework assignments are graded **pass (1) / fail (0)**: to pass, you need to attempt to answer all questions. Incorrect answers will not be penalized.

Final Exam and Mid-Term

MID TERM EXAM: Wednesday, February 27 (in class)

FINAL EXAM: Monday, April 29 (1:30-3:30pm).

There will be no makeup mid-term. If you miss the mid-term exam due to a well-documented valid written excuse (e.g. a doctor's note, religious holiday), your grade will be based on your other work. **Otherwise, missing the mid-term is equivalent to getting a grade of zero for the mid-term.** It is RSB policy to **not consider recruiting activities an excuse for a missed exam.**

You will be allowed to bring **one sheet of paper** (maximum size: 8-1/2" x 11") with notes and formulas (both sides are ok) on it to the exam room. The paper must be **handwritten** (not photocopied, not from a computer print-out) and **handed in along with the mid-term/final exam and it will not be returned.**

You will be allowed to bring a calculator, but no programmed text in the calculator. **No laptops, no iPads, no etc.** Cell phones, smartphones, and **all electronic devices must be turned off during tests and exams.** All exams must be completed individually.

The final exam will be based on all material covered in class.

Grading

Your course grade will be weighted as follows:

Homework:	5%
Mid-term:	30%
Final Exam:	55%
Class participation:	10%

Allocation of participation points is at the discretion of the instructor. Factors that influence the participation portion of your grade include **attendance, being on time, not leaving early, not disturbing class or others, and (quality of) contributions** to the class discussion.

If you have a question about the way I grade any of your work, come and talk to me **immediately**. If you disagree with the grade even after you have discussed it with me, you must submit your question in writing within one week after I return your work. If you appeal, I will re-grade your **entire** assignment; your grade may increase, decrease, or remain the same.

The grading policy at Ross mandates < 40% at A- or above, < 90% at B or above, and > 10% at B- or below for this class. Final grades will be assigned as follows:

A+	up to 5%
A	15%
A-	20%
B+	25%
B	25%
B- or below	10%

Academic Honor Code

Personal integrity and professionalism are fundamental values of the Ross School of Business community. This course will be conducted in strict conformity with the Academic Honor Code. The Code and related procedures can be found at <http://www.bus.umich.edu/Academics/Resources/communityvalues.htm>. The site also contains comprehensive information on how to be sure that you have not plagiarized the work of others. Claimed ignorance of the Code and related information appearing on the site will be viewed as irrelevant should a violation take place. Non-Ross students taking the course should also familiarize themselves with the Code as they will be subject to the Code while enrolled in this course.

Special Considerations

The University of Michigan is committed to providing equal opportunity for participation in all programs, services and activities. Students wishing to receive testing accommodations must register with the UM SSD ([Services for Students with Disabilities](#)) as soon as possible. It is the student's responsibility to submit their written request and Verified Individualized Services and

Accommodations (VISA) form to the instructor as early as possible, but no later than two weeks prior to the test or quiz for which accommodations are requested. In rare cases, the need for an accommodation arises after the two-week deadline has passed (for example, a broken wrist). In these cases, the student should still contact SSD and the instructor - however, due to logistical constraints we cannot guarantee that an accommodation can be made after the two-week deadline has passed. Requests only need to be made once for each class.

Requests may be made through the Testing Accommodations survey and must include a scanned or photographed copy of the VISA form.

Class Norms and Expectations

Your dedication and class participation will determine how much you learn in this course. To this end, I expect you to observe the following norms:

- **Come to class on time and stay until the end.** Late arrival and early departure without my explicit prior approval are unacceptable. Leaving during class and coming back with a beverage or food in hand is very unacceptable and rude.
- **Ask questions** whenever something is not clear. It takes time to learn new concepts and asking questions helps immensely. Asking questions will not adversely affect your participation grade. If I do not know the answer to your question right away, I will get back to you as soon as possible.
- **Participate actively** in class lectures and discussions. This way you will get the most out of this course. I may systematically cold call on individuals. So, read up the suggested material before you come to class.
- **I will never view honest mistakes negatively.** I will use them as valuable learning opportunities. Furthermore, it is better to make your mistakes in class than at work as there are no monetary implications for mistakes made in class. In general, honest mistakes will not adversely affect participation.
- **Treat your fellow students with respect, listen to their answers and react to the issues raised by them.** Always. You will be surprised how much you can learn from each other.
- Please **turn cell phone ringers off** during class. If some emergency requires you to leave your cell phone on, please let me know before class. If your cell phone rings in class, I will reserve the right of answering it for you (this may affect your class participation though – and your relationship to the caller).
- I am keen on hearing your **feedback throughout the course.** Feel free to email, call, or send anonymous notes. I appreciate your comments and suggestions. Feedback will not adversely affect your participation grade.
- You are responsible for announcements made in class, such as changes to the schedule, changes in homework due dates, and additional reading. If you are absent, consult a classmate. I expect that you **cooperate with your classmates**. If you do it well, you will learn at least as much from them as from the lectures.

- Please put a **legible name card** up in front of you during every lecture. This will help me and your peers to learn your names more quickly.
- I am not strictly opposed to the use of **laptops** in class. However, I will have to ask you to sit in the back rows so as not to distract others, to switch off internet access, and to mute the loud speakers.
- It is your responsibility to check the course website as frequently as possible (at least on a daily basis) so that you do not miss any announcement posted there.

Class Schedule

The following table describes our class schedule. The schedule is tentative: the topics covered on each proposed date may change depending on our pace.

Class	Topics Covered	Textbook Reading	Assignments Due
Jan 14	<ul style="list-style-type: none">• Course Introduction• Financial Statements & Cash Flows	<ul style="list-style-type: none">• Chapters 1 & 2	
Jan 16	<ul style="list-style-type: none">• Discounted Cash Flow Valuation I	<ul style="list-style-type: none">• Chapter 4	
Jan 23	<ul style="list-style-type: none">• Discounted Cash Flow Valuation II	<ul style="list-style-type: none">• Chapter 4	
Jan 28	<ul style="list-style-type: none">• Investment Decision Rules	<ul style="list-style-type: none">• Chapter 5	
Jan 30	<ul style="list-style-type: none">• Making Capital Investment Decisions	<ul style="list-style-type: none">• Chapter 6	
Feb 4	<ul style="list-style-type: none">• Applications #1		<ul style="list-style-type: none">• <i>Homework #1 Due</i>
Feb 6	<ul style="list-style-type: none">• Risk Analysis and Real Options	<ul style="list-style-type: none">• Chapter 7	
Feb 11	<ul style="list-style-type: none">• Bond Valuation I	<ul style="list-style-type: none">• Chapter 8	

Class	Topics Covered	Textbook Reading	Assignments Due
Feb 13	<ul style="list-style-type: none"> Bond Valuation II 	<ul style="list-style-type: none"> Chapter 8 	
Feb 18	<ul style="list-style-type: none"> Stock Valuation 	<ul style="list-style-type: none"> Chapter 9 	
Feb 20	<ul style="list-style-type: none"> Stock Valuation & Applications #2 	<ul style="list-style-type: none"> Chapter 9 	<i>Homework #2 Due</i>
Feb 25	<ul style="list-style-type: none"> Applications #2 		
Feb 27	<ul style="list-style-type: none"> MID-TERM EXAM DURING CLASS TIME 		
Mar 11	<ul style="list-style-type: none"> Risk & Return 	<ul style="list-style-type: none"> Chapter 11 	
Mar 13	<ul style="list-style-type: none"> The Capital Asset Pricing Model (CAPM) I 	<ul style="list-style-type: none"> Chapter 11 	
Mar 18	<ul style="list-style-type: none"> The Capital Asset Pricing Model (CAPM) II 	<ul style="list-style-type: none"> Chapter 11 	
Mar 20	<ul style="list-style-type: none"> Efficient Capital Markets 	<ul style="list-style-type: none"> Chapter 14 	
Mar 25	<ul style="list-style-type: none"> Risk, Cost of Capital, and Valuation: Weighted Average Cost of Capital (WACC) 	<ul style="list-style-type: none"> Chapter 13 	
Mar 27	<ul style="list-style-type: none"> Applications #3 		<i>Homework #3 Due</i>

Class	Topics Covered	Textbook Reading	Assignments Due
Apr 1	<ul style="list-style-type: none">• Long-Term Financing	<ul style="list-style-type: none">• Chapter 15	
Apr 3	<ul style="list-style-type: none">• Capital Structure	<ul style="list-style-type: none">• Chapter 16	
Apr 8	<ul style="list-style-type: none">• Limits to the Use of Debt	<ul style="list-style-type: none">• Chapter 17	
Apr 10	<ul style="list-style-type: none">• Dividends and Other Payouts	<ul style="list-style-type: none">• Chapter 19	
Apr 15	<ul style="list-style-type: none">• Risk Management/ Options I	<ul style="list-style-type: none">• Chapter 22	
Apr 17	<ul style="list-style-type: none">• Risk Management/ Options II	<ul style="list-style-type: none">• Chapter 22	<ul style="list-style-type: none">• <i>Homework #4 Due</i>
Apr 22	<ul style="list-style-type: none">• Exam Review		