



FIN 503 – FINANCIAL MANAGEMENT

Fall 2020

Professor:	Matteo Crosignani	Uday Rajan
Sections:	1, 3	2, 4, 5
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Office Hours:	Tuesday 4-6 pm Or by appointment	Tuesday 4-6 pm Or by appointment

Important Note

All activities in this course will be online, including classes and office hours.

Course Overview

This course is the introductory course in Financial Management in the MBA program. The purpose of this course is to equip students with the fundamental tools and techniques essential for a financial manager or a general manager with a good understanding of finance. This course is also designed to provide a foundation for subsequent coursework in valuation, corporate finance, and investments.

Covered Topics

The primary focus of this course is on financial valuation. We will first discuss the concept of present value in extensive detail and then apply the principles of valuation to value (a) investment projects and (b) financial securities (stocks and bonds). Since financial decision-making virtually always involves risk and uncertainty, we will then introduce the concept of risk from the perspective of portfolio theory. We will integrate our knowledge of cash flow valuation with our

understanding of risk to modify valuation techniques in the presence of uncertainty. The course will conclude with an introductory treatment of the effects of financing on capital budgeting decisions.

The primary objective of the class is to equip you with the ability to make financial decisions, evaluate investment choices, and determine the cost of capital for your firm.

Textbook (optional)

Corporate Finance by Berk and DeMarzo (Pearson, 5th Edition). Some editions come with MyFinanceLab access, which will not be required for our class. We will not directly refer to the textbook in class. If you prefer to obtain an electronic copy of the book, please see [this link](#) at Pearson.

Note: The differences with previous editions are minor.

You will have to use Excel on all course assignments and on the final exam.

Grading Policy

Group problem sets (3)	20%
Individual assignment	20%
Final exam	40%
Course participation	20%

Group Problem Sets

The group problem sets will be done in assigned groups. Group composition will be posted to Canvas.

Homework assignments and their solutions will be posted on Canvas. All problem sets are to be submitted electronically via Canvas by 9pm (the evening before class) on the dates specified in the course schedule.

You will have to submit an Excel file. Please make sure the first sheet of the file has the names of all group members. Only one person per group (any team member) needs to submit the team homework on Canvas. The graded assignment will be returned to the submitting team member via Canvas (with some feedback on your submission). The submitting team member is responsible

for sharing this feedback with the rest of the group. All team members should be able to see their grades on Canvas.

Individual Assignment

The individual assignment is similar in its structure to the group problem sets. While the goal of the group problem sets is to build on team members' complementary skills to advance each other's knowledge, the purpose of the individual assignment is to assist you with reviewing course material from the first six lectures. To give you an opportunity to apply the skills you have developed, you are asked to complete this problem set individually.

Note: If you feel there has been an error in grading any of your assignments, you must let us know within one week of receiving your grade.

Course Participation

The course participation grade will be determined as follows:

1. A short 3-question quiz, "Daily Problems" will be due on Canvas before most classes. This should take no more than 10 minutes to complete, and will be based on material covered in the previous class. The intent is to make sure you are keeping up with the material. The responses will not be graded for accuracy. Instead, you will receive 1 point for each Daily Problems quiz you submit (regardless of whether your answers are correct or not), plus a bonus point if you submit 7 or more of the 9 quizzes. 10 points total.
2. Engagement on the Yellowdig platform (accessible through Canvas). Go to Yellowdig on the Canvas site, post articles relevant to the class, comment on others' posts, and engage in other ways. 5 points.
3. Engagement during class: Quality participation by you in class enhances the experience for all of us. 5 points.

Course Materials

Electronic copies of class notes, news articles, and Excel spreadsheets will be posted on Canvas shortly before each class. There is no course pack, and all class materials will be available via Canvas.

Final Exam

The final exam is comprehensive. The exam will be open book and open notes. The exam will be remote, and you will have to submit an Excel file.

Course Schedule

Session	Date	Topic	Textbook Ch.	Assignments	Daily Problems Quiz Due Before Class
1	Mon Oct 19	Introduction, Present Value, and Law of One Price	1 3.2-3.3 3.4-3.5		
2	Wed Oct 21	Time Value of Money Interest Rate Quotes	4.1-4.5 5.1-5.2		Y
3	Mon Oct 26	Valuing Bonds	6.1-6.2, 6.4-6.5	HW1 due at 9pm, Sunday, Oct 25	Y
4	Wed Oct 28	Investment Decision Rules	7.1-7.5		Y
5	Mon Nov 2	Capital Budgeting	8.1-8.3	HW2 due at 9pm, Sunday, Nov 1	Y
6	Wed Nov 4	Valuing Stocks	9.1-9.2,9.4		Y
7	Mon Nov 9	Risk and Return	10.1-10.5		Y
8	Wed Nov 11	Optimal Portfolio Choice Capital Asset Pricing Model	11.1-11.6 11.7-11.8	Indiv. Assignment due at 9pm, Tuesday, Nov 10	Y
9	Wed Nov 18	CAPM continued Weighted Average Cost of Capital	10.5-10.8 12.1-12.6		Y
		Thanksgiving Break			
10	Mon Nov 30	Capital Structure in a Frictionless World	14.2-14.3,15.2		
11	Wed Dec 2	Capital Structure with Frictions Course Wrap-Up	16.3-16.4	HW3 due at 9pm, Sunday, Dec 6	Y
12	Fri Dec 11	Final Exam		8:00am-10:00am	

Wellness and Mental Health

As a student, you may experience a range of issues that can cause barriers to learning, such as strained relationships, increased anxiety, alcohol/drug problems, feeling down, difficulty concentrating and/or lack of motivation. These mental health concerns or stressful events may lead to diminished academic performance or reduce a student's ability to participate in daily activities. University of Michigan is committed to advancing the mental health and wellbeing of its students. If you or someone you know is feeling overwhelmed, depressed, and/or in need of support, services are available. You can learn more about the broad range of confidential mental health services available on campus [here](#), including our campus' office of [Counseling and Psychological Services](#) ("CAPS"). You may also find helpful the [well-being resources for students](#) offered through the University's office of student life.

The Ross School of Business has a CAPS Embedded Counselor available to its students. Embedded Counselors are located in school/college buildings and services are tailored to the school's climate. For more information, please visit the [CAPS Embedded Model](#) site. caps.umich.edu/caps-embedded-model. To schedule, please email [Julie Kaplan](#), LMSW. Also, the services offered by CAPS have been adapted to the unique needs of our community during COVID. You can schedule a tele-health appointment remotely from their home page. You may also find helpful their resources directly addressing mental health and wellness during COVID [here](#). If you have an urgent matter when CAPS is closed, please call 734-764-8312 to connect with [CAPS After Hours](#).

Academic Integrity and Community Values

Personal integrity and professionalism are fundamental values of the Ross School community. You have a duty to be familiar with and understand the Ross School's Statement of Community Values, the Ross School Academic Honor Code, and the Ross School Code of Student Conduct including all campus public health policies. **In light of COVID our community has enhanced the Code of Student Conduct to include our commitment to each other and adherence to campus and School public health policies.** Each of these, including a Statement of Student Rights and Responsibilities, may be found in the Ross School Impact on [Ross Community Values](#). In addition every student at the University of Michigan accepts the rights and responsibilities of membership in the University's academic and social community. These rights and responsibilities are clearly laid out in [The Statement](#). By enrolling in this course you confirm that you have read and understood these statements and policies, and further that you agree to abide by them. The Ross Community Values site contains valuable information and links on writing and how to check to make sure you have not plagiarized the work of others. Claimed ignorance of these codes and policies will be viewed as invalid should a violation take place. In all cases if you have questions please address them with the professor as far **in advance** as possible.

Any violation of the Ross School Academic Honor Code such as plagiarism, otherwise passing off anyone else's work as your own, unauthorized collaboration, use of materials generated for use during past offerings of this course, or any form of cheating will be referred to the Community Values Committee. Possible penalties include course failure with a permanent notation of an honor policy violation on your transcript and even expulsion. As a community we

are all still adapting and learning how this applies to hybrid and remote learning environments, but the same principles of academic integrity apply.

Accommodations

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 University of Michigan [Services for Students with Disabilities \(SSD\)](#) office as soon as possible. Students must then submit their Verified Individualized Services and Accommodations (VISA) form online as early as possible, **but no later than two weeks prior to the first test or quiz for which accommodations are requested.** Accommodations arrangements are not guaranteed for students who submit their VISA form with less than two weeks' notice.

Requests must be sent using the [Ross Accommodations Request Form](#) and must include a scanned or photographed copy of the VISA form. This form only needs to be submitted once during your academic career with Ross unless your accommodations eligibility expires.

In rare cases, the need for an accommodation arises after the two week deadline has passed (example: a broken wrist). In these cases, students should still contact SSD and the Ross Accommodations Coordinator. However, due to logistical constraints, we cannot guarantee that an accommodation can be made after the two week deadline has passed.

Questions can be directed to the Ross Accommodations Coordinator at RossAccommodationsCoordinator@umich.edu.

Laptop/Electronic Device Use and Zoom Connectivity in Class

Laptop and electronic device use will be necessary for learning in Fall 2020 for both hybrid and remote courses. Naturally, for those attending courses remotely you will need an electronic device (e.g. desktop, laptop, tablet) with video camera (built in or external), audio device and a microphone to engage fully in the course. A stable and sufficient bandwidth connection will also be necessary. The same technology arrangement is required for all students attending hybrid courses in-person - it is essential that all course participants be able to fully engage with all classmates during the class.

For all students, regardless of whether attending in-person or remotely, you are to connect to the class site via the Zoom link provided by the professor. Additionally all students are to have their camera on during class. Use of your laptop should be for learning and discussion in class with the class material. Please contact the professor if you encounter challenges with laptops/electronic devices/internet connectivity/remote learning environment which may impede your ability to learn in the course.

Recordings

The professor may choose to record some or all of the delivery of the course material. These recordings may be made available to other students in your assigned course section to support learning of those affected by illness or unforeseen circumstances. If you have questions about class recording policies, please contact the professor the first week of class.

Students may not record or distribute any class activity without written permission from the instructor, except as necessary as part of approved accommodations for students with disabilities. This applies to both the live recording of an actual class, as well as the duplication of any recordings shared by the professor with the course participants. Any approved recordings may only be used for the student's own private use.

Class Conduct

You should expect to engage in the class as if you were physically present in the classroom. Accordingly, you are expected to:

- Attend the class in its entirety via the dedicated Zoom platform provided for the course
- Attend the class with your camera **on** and fully focus on the class just as if you were physically present in class. Keeping your camera on is required. Please contact your professor if you have any questions or concerns.
- Make eye contact with the camera - you are essentially looking into the eyes of each and every classmate, and the professor!
- Be present in appropriate attire that you would have worn to class
- “Arrive” early to get everything prepared so you do not feel rushed and are able to be ready when class begins.
- Use your first and last names, along with preferred pronouns, in your zoom link.
- Remember to mute your audio when not speaking, in order to minimize any unnecessary external noise. This will become second nature to you as you become familiar with muting and unmuting your audio. You can mute/unmute your audio by clicking on the microphone (if using computer audio) or telephone (if using phone audio) in the lower left corner of your Zoom screen
- Perhaps most importantly, remember that you are not invisible, and the professor and classmates are depending on your visual cues, such as smiling and nodding, for encouragement. Imagine how dull a conversation would be with someone who was expressionless and motionless.