The Cameron School of Business at University of St. Thomas

1. Course Information

<table>
<thead>
<tr>
<th>COURSE TITLE</th>
<th>Fundamentals of Finance</th>
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</thead>
<tbody>
<tr>
<td>COURSE NUMBER</td>
<td>FINA 5X04</td>
</tr>
<tr>
<td>COURSE SECTION</td>
<td>N</td>
</tr>
<tr>
<td>CREDITS</td>
<td>1.5 hours</td>
</tr>
<tr>
<td>SEMESTER</td>
<td>Summer 2017</td>
</tr>
<tr>
<td>ROOM</td>
<td>Malloy Hall 012</td>
</tr>
<tr>
<td>DAYS &amp; HOURS</td>
<td>TTh 5:30-9:50pm</td>
</tr>
</tbody>
</table>

2. Instructor Information

Name: Dr. Daniel Perez Liston
Office location: Welder Hall, Office # 208
Office phone: 713-942-3499
Office hours: TTh. 3:00-5:30pm, but must make an appointment using the Blackboard link to Setmore.
E-mail: drperez@stthom.edu

3. Course Catalog Description

This course provides an introduction to financial concepts and principles for students required to take the proficiency course in Finance. Special attention is given to the role of the financial system in the economy, the fundamentals of investment analysis, and the financial decisions of business firms as related to capital budgeting, capital structure, and responsibility in the conduct of business financial operations.

4. Program Learning Goals

The Masters of Business Administration program has six goals. When students complete the MBA degree at the University of St. Thomas:

**Goal 1. They will be effective communicators.**
- Objective 1: Graduates will deliver a compelling oral presentation.
- Objective 2: Graduates will write professional quality documents.

**Goal 2. They will be effective team members.**
- Objective 1: Graduates will demonstrate appropriate group techniques to participate in a team task that results in effective performance.
Objective 2: Graduates will demonstrate effective leadership skills in a group project.

**Goal 3. They will be ethical decision makers.**
- Objective 1: Graduates will recognize the ethical issues implicit in a business situation.
- Objective 2: Graduates will describe and use ethical frameworks applicable to business situations.
- Objective 3: Graduates will develop a variety of ethical alternatives for resolving or at least addressing, a problem in business.

**Goal 4. They will be globally aware.**
- Objective 1: Graduates will perform a global business situation analysis.
- Objective 2: Graduates will formulate global business strategy.
- Objective 3: Students will evaluate global business strategy.

**Goal 5. They will be able to integrate knowledge across multiple business disciplines.**
- Objective 1: Graduates will identify business problems and opportunities that result from factors internal and external to the organization.
- Objective 2: Graduates will apply quantitative and qualitative techniques from the different business disciplines to address problems and opportunities.

**Goal 6. They will be knowledgeable about multiple business disciplines**

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**MSF (Master of Science in Finance) Learning Goals and Objectives**

The Masters of Science in Finance (MSF) has six goals.

When students complete the MSF degree at the University of St. Thomas:

**Goal 1. Core of Finance Knowledge**

MSF graduates will be knowledgeable in the critical areas in the field of Finance. Graduates will:

- demonstrate competency in the key fields of Corporate Finance, Investments, Banking and Financial Institutions, Risk Management, and International Finance when they apply the knowledge in the required courses to solve Finance problems.

**Goal 2. Analytical and Critical Thinking Skills**

MSF graduates will be analytical and critical thinkers. Graduates will:

- Objective 1: demonstrate skills in analyzing financial reports
Objective 2: identify and evaluate complex financial problems by integrating the skills learned in the core Finance area.

**Goal 3: Value System**

MSF graduates will anchor financial aspects of business activities in ethics and human values. Graduates will be able to:

- Objective 1: identify and apply principles of ethical leadership and accountability as applicable to the financial aspects of business decisions
- Objective 2: assess workplace behaviors and financial aspects of business decisions in terms of human values, ethical norms, and societal impact.

**Goal 4: Global Awareness**

MSF graduates will be aware of global influences on financial decision-making. Graduates will be able to:

- Objective 1: demonstrate a knowledge of global financial and foreign exchange markets.
- Objective 2: identify the impact of global financial changes on multinational enterprises.

**Goal 5: Teamwork & Leadership**

MSF graduates will be able to work effectively on team projects with individuals from diverse groups. Graduates will be able to:

- Objective 1: demonstrate appropriate group techniques to participate in a team task
- Objective 2: compile diverse contributions to produce a comprehensive outcome

**Goal 6: Communication Skills**

MSF graduates will be effective communicators. Graduates will be able to:

- Objective 1: prepare written reports on financial issues.
- Objective 2: deliver effective presentations on financial issues.

**Course Learning Objectives**

The objective of this course is to provide you a comprehensive understanding of the central concepts of financial management. In general, corporations contribute to society by contributing value.
Corporate activities contribute value to consumers by producing goods and services and by introducing new products and new methods of producing them. The corporations that manufactured and marketed these products created value for you as consumers. Corporate activities also create value to investors. By producing goods and services of value to society, corporations generate profits which cause stock prices to rise and out of which dividends are paid. Wise (or lucky) investors (individuals, pension funds, universities and other stockholders) who invest in stocks that generate value for consumers are rewarded for helping finance corporate activities. In contrast, investors who hold stocks in companies that fail to produce value for society, whether because they lack the efficiency to compete or because they produce products for which there is insufficient demand are punished as their stocks lose value. In a global sense, financial management is about corporations’ contributions to society through creation of value. Consider the contrasts between the returns to those who invested in Boeing stock and investors in EADS (the European consortium which produces Airbus) and between Toyota and General Motors. Boeing and Toyota contributed and continue to contribute great value to society, and its investors are rewarded for providing capital for these firms to do so.

At the level of the individual manager, financial management involves technical abilities such as quantitative analysis of data, recognizing and understanding underlying guiding principles used to identify the appropriate application of the techniques of corporate finance, and awareness of key ethical issues which define the responsibility of financial managers. In general, the course teaches how financial managers can contribute to maximization of the wealth of stockholders, who own the company, and to do so while abiding by the legal and ethical requirements of society.

5. Specific Course Learning Objectives

Students are expected to:
1. Familiarize themselves with the nature of the corporation and of the general guiding principles underlying the process of stockholder wealth maximization. (address MBA goal 2, MSF goal 2)
2. Learn the techniques and methods of financial analysis and develop the ability to use them as tools for problem solving. (address MBA goal 6 and MSF goal 1)
3. Learn to identify which techniques and methods are applicable to a given problem and how managers can use them individually or in combination as decision-making tools to increase the value of the corporation and thus the net worth of stockholders. (address MBA goal 2, and MSF goal 1)
4. Develop the ability to communicate clearly—to describe in words what the techniques of financial management contribute to decision making. (address MBA goal 5 and MSF goal 1)
5. Obtain an understanding of the functioning of financial markets and their role in financial decision-making. (address MBA goal 2 and MSF goals 2 and 3)
6. Broaden their knowledge beyond the excessively clear-cut concepts and problems of the textbook by approaching managerial decisions using the messier and less complete data typically encountered in practice by engaging in empirical studies of actual firms or engaging in case studies as assigned in the course. Whichever of these is assigned, it will involve written analysis and oral discussion. (address MBA goals 3, 4 and 6 and MSF goal 1)
Concepts and Topics covered in the course
Financial Management is taught from the corporate perspective. It requires prior knowledge of accounting, economics, finance, and statistics. The underlying theme of the course is business valuation—how managers can enhance the value of the corporation and thus the net worth of the shareholder-owners. The subject matter of this course can be broadly classified into 3 areas: stock and bond analysis; capital budgeting and capital structure decisions; and corporate financing through issuance of debt and equity.

Topics covered in this course include the following:
- Corporate Governance and Agency Theory
- Financial Statement Analysis and Performance Evaluation
- Time Value of Money and Discounted Cash Flow Analysis
- Asset Pricing Models and Value at Risk Analysis
- Asset Valuation: Fixed Income Securities and Equity Securities
- The Cost of Capital and Cash Flow Analysis
- Capital Budgeting Analysis
- Capital Structure Decision
- Dividend Policy

6. Texts, Readings, Materials

REQUIRED TEXT

REQUIRED CALCULATOR
A financial calculator with cash flow functions (NPV, IRR) is required. If you do not have a financial calculator, I recommend the Texas Instruments TI 83. I will be using the calculator for classroom demonstrations. If you use a different calculator make sure you have the manual, so that you may learn how to use it on your own or you can “google” instructions on how to use it.

SUPPLEMENTARY READINGS
The Wall Street Journal
The Wall Street Journal is one of the most widely read journals of business. I encourage you to read this paper every day. We will refer to it often in class. MATHtv.com provides a comprehensive review on math and quantitative topics. All quantitative skills needed to master this course are covered in this website. Please review those relevant sections and you are responsible for learning those fundamental materials.
7. Instructional Methods
However, the majority of class time will be devoted to lecture, discussion, and analysis of assigned cases and problems. Finance is a subject highly problem-oriented. Therefore, problems will constitute the largest number of points for each exam. Assigned problems will not be collected, but will be discussed in class. Active participation in class is encouraged and required.

8. Technology
I will use blackboard course management system to post online materials, including sample problems for the exam. You are responsible for all problems on the web. I will be more than happy to discuss any questions you might have either in class or outside class.

9. Course Policies
1. Class Participation
The following criteria will be used to judge and grade your participation performance:
1. Content Mastery:
The student makes evident by classroom comments and/or responses to questions, an understanding of the facts, concepts, and theories presented in the assigned readings.
2. Communication Skills:
The student informs other students in a clear and constructive manner what he/she knows. Communication skills include listening to others and understanding what they have said, responding appropriately, asking clear, constructive questions, building on the ideas of others, etc.
3. Synthesis/Integration:
The student shows the connections between this material and other material. For example, the student could take several ideas from the readings or class discussions and combine them to produce a new perspective on an issue, or the student could take outside materials (personal experience, work experience, other classes etc.) and combine them to create insights.
4. Creativity:
The student shows further implications of the material by finding new ways of articulating or setting the materials, which produce significant insights, etc.
5. Valuing:
The student identifies values inherent to the material and offer rationales based on some value system.
2. **Make up exams**
   Make up exams will *not* be permitted unless I am notified your absence on an exam *before* the exam date. Make up exams from excused absences will be scheduled at a time mutually agreeable to the instructor and the student.

3. You should prepare for ALL regularly scheduled classes prior to class meeting. Also, you are expected to arrive on time and stay in class until the class period ends. If you know in advance that you will need to leave early, please notify me *before* the class period begins.

4. Comments and questions are encouraged to share with the whole class. Private discussion or chatting with your peers are *discouraged* and will be viewed as destructive for the learning environment. Please respect the class by not doing so.

5. In class participation performance is determined by your contribution to the learning process in class. It includes, but not limited to, comments, personal insights, constructive questions, work experience, and answers to assignments and cases.

6. Attendance is expected and required. If you missed three or more classes, your course grade, at the instructor's discretion, will be reduced by one letter grade. If you missed more than six classes, at the instructor's discretion, the grade will automatically become an F.

7. The use of cell phone is discouraged during the class period. Unless for important reasons, please try not to use it.

8. If you have special concerns about this class and the class policy, I encourage you to come and talk to me after class or during my office hours. This should be done in the *first week* of class to allow us time to work out a plan to fully address your concerns. After this time period, I assume that you agree to, and will abide by, the class policy.

9. Any student with a documented disability requiring accommodations in this course is encouraged to contact me after class or during office hours. Additionally, students will need to contact the office of Counseling Services for Students with Special Needs (Disability Services) at 713-525-3162 or 6953.

**Accommodations**
The University of St. Thomas abides by the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973, which stipulates that no student shall be denied the benefits of an education "solely by reason of a handicap." If you have a documented disability that may impact your performance in this class and for which you may require accommodations, you must be registered with and provide documentation of your disability to Counseling and Disability Services which is located on the second floor of Crooker Center. Contact the Center at 713-525-6953 or 713-
Academic Honesty
Ethical conduct is essential to a community of scholars and students searching for truth. Anything less than total commitment to honesty and honorable conduct undermines the efforts of the entire community. Academic integrity lies at the very heart of any institution of higher learning. In the Cameron School of Business, students and faculty are expected to commit to a code that exemplifies each individual's honor and integrity. Any conduct that violates this standard and betrays the respect of others is a matter of grave concern and, accordingly, is deemed unacceptable.

10. Workshops
Starting from Fall 2014, all students are required to take at least one of the many useful workshops offered by the school before the last day of class. The schedule of the workshop will be distributed in class and attached to this syllabus.

11. Grading Processes
Grades of this class will be determined by a final exam, homework assignments, quizzes and in-class participation.

Grade components
Final exam 70%
Homework 10%
Quizzes 10%
In class participation 10%

Final grade:
93-100 A
90-92 A-
87-89 B+
84-86 B
80-83 B-
70-79 C
below 70 F
## 12. Course Tentative Schedule*

<table>
<thead>
<tr>
<th>Week</th>
<th>Tentative Topic*</th>
<th>Chapter</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 4th</td>
<td>No classes, 4&lt;sup&gt;th&lt;/sup&gt; of July</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>Introduction and Syllabus&lt;br&gt;The Time Value of Money (online)</td>
<td>5</td>
</tr>
<tr>
<td>11</td>
<td>The Time Value of Money</td>
<td>5</td>
</tr>
<tr>
<td>13</td>
<td>Risk and Rates of Return</td>
<td>8</td>
</tr>
<tr>
<td>18</td>
<td>Financial Mkts and Institutions</td>
<td>2</td>
</tr>
<tr>
<td>20</td>
<td>Valuation: Stocks</td>
<td>9</td>
</tr>
<tr>
<td>25</td>
<td><strong>Final Exam</strong>&lt;br&gt;Capital Budgeting Techniques</td>
<td>11</td>
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*: The above schedule and procedures in this course are tentative and subject to change

**: Assignments are the end of chapter problems
Mission Statement: Cameron School of Business

The Cameron School of Business will serve students of diverse backgrounds, providing them the necessary professional skills for a changing global economy, and instilling in them a deep appreciation for ethical behavior as the hallmark of a successful and fulfilling business career. The Cameron School will provide its students a timely and comprehensive business curriculum, with opportunities for specialized study in major business fields. The faculty will provide quality teaching, as this is the core of our mission. As an extension of our teaching mission, the faculty will engage in scholarly activity and service to the University, the profession, and the community.