

Syllabus, spring 2022

Instructor: Dr. Yariv Fadlon

office: Ettinger 302A

email: yarivfadlon@muhlenberg.edu

phone: (484) 664-3257

office hours: Wednesday and Thursday between 12:30pm and 1:30pm,
or by appointment.

Overview: FIN237 is an introductory course to corporate finance. Corporate finance is a major field in finance that focuses on how corporations fund their operations, structure their capital, and make financial investment decisions. While the main focus of the course is about financial decisions in big or small corporations, the course will also help you make better personal financial decisions. The course is designed to introduce fundamental concepts and approaches of corporate finance and also to give you tools to apply these concepts. Topics include the time value of money, bond and stock valuation, discounted cash flow analysis, and risk and return.

Course Objectives: By the end of the semester, it is expected that students will have

1. better understanding of financial markets, products, and institutions, such as stocks and bonds.
2. the knowledge to compare money received in different periods of time.
3. the tools to determine whether a business project is worth undertaking (capital budgeting).
4. the trade-off between risk and return.
5. a solid foundation for more advanced finance courses.

The learning objectives in this course are consistent with the learning objectives of the finance program at Muhlenberg College. The general objectives of the finance program are:

1. Apply the time value of money to solve financial problems.
2. Understand the principle that risk requires compensation.
3. Apply the principles of capital budgeting.
4. Explain the efficient market hypothesis and its implications for financial markets.
5. Understand how the financial system allocates capital and transfers risk.

6. Understand how central banks attempt to stabilize the financial system and the broader economy.
7. Communicate effectively about financial concepts, analyses, and decisions.
8. Identify and respond to ethical dilemmas in finance.

Textbook: The required text for this class is "Fundamentals of Corporate Finance", 10th Edition, by Brealey, Myers, and Marcus (McGraw-Hill Irwin). ISBN 978-0077861629. You can instead purchase the previous 9th edition. You do not need the online lab access code, and therefore can buy a used copy. You should consider the text to be a supplement to my class lectures. It is NOT a substitute. The text is useful as a reference tool, if you don't understand something from the lecture, the text may help clarify things for you. The problems at the end of the chapters are also useful for practice problems beyond those assigned in class.

Time and location: This class will meet Tuesday and Thursday between 9:30 and 10:45 am. In addition, there will be weekly review sessions (4th hour) run by the learning assistant. The review session time will be announced later in the semester.

Course web page: Homework, handouts, announcements, and other information will be posted on Canvas.

Grades: The graded material in this class is divided into three parts: two midterm exams, unannounced quizzes, and a final exam. These parts will count toward your final grade as follow:

- Quizzes 25%
- Midterm I 25%
- Midterm II 25%
- Final Exam 25%

Homework: I'll assign homework problems almost every week, but only for you to practice. That is, you do not have to hand in your answers. The answers will be posted online.

Quizzes: There will be seven unannounced quizzes, but only the top six grades will count (I will drop the lowest quiz). There will not be make-up quizzes!

Midterms: There are two midterm exams. The first midterm is scheduled on February 22nd and the second midterm is scheduled on March 31st. Please plan your schedule accordingly. If you must miss the midterm due to an officially sanctioned event, let me know at least a week in advance. Other than that, there will be no make-up exams.

Final Exam: The final exam is scheduled by the registrar on February 18th. You can check the exact time of the final exam through Workday. I will also announce in class of that date a few weeks before the final exam. This time is unchangeable. If you cannot attend the exam at that time, please see me as soon as possible to arrange a make-up exam. Please note that students are expected to be available on campus until 3:00 p.m. on Friday, May 13th, 2022.

Grade Scale: The quizzes and exams are graded on a curve. In general, the median grade would be around B. Your average final grade will be converted to a letter grade according to the following table:

- 94-100 A.
 - 80-90 B.
 - 70-80 C.
 - 50-70 D.
 - 0-50 F.
- | | | | |
|--------|-----|-------|----|
| 90-94 | A- | | |
| 80-84. | B-. | 87-90 | B+ |
| 70-74. | C-. | 77-80 | C+ |
| 50-55. | D-. | 65-70 | D+ |

Attendance Policy: Attendance is mandatory. All students must write the quizzes and exams on the dates they are scheduled. If you missed a class because of a medical emergency (e.g., sickness), I should be notified about it from the CARE team at Muhlenberg College.

Covid policy: You must notify me (via email) if you must quarantine or isolate. If you cannot attend the class in person, you will be allowed to join via Zoom. If the class will not be able to meet in person (because I have to quarantine, for example), the lecture will move to Zoom. If you are permitted to join via Zoom, you will be given the option to write any exam/quiz online as well. Note that you do not need to share any medical information with me! I'll be notified by Health and Counseling Services, or the CARE team if you cannot attend the lecture in person.

The [Muhlenberg College Student Covid Policy](#) is in effect for the duration of the academic year 2021-2022. This policy will be updated and may change as conditions on campus and regionally fluctuate and new information becomes available. Please refer to that policy for instructions on masking requirements, etc.

Class Recording Policy: I will teach the class with my iPad and will record the lectures. The recordings will not be posted online! I will share the recordings only with students who were approved for absence by Muhlenberg's CARE team or by ODS.

Following is the general recording policy approved by Muhlenberg College: By enrolling and attending Muhlenberg College courses, students consent to the recording of classes within the scope of college policies. The purpose of recording a class is to facilitate the achievement of learning outcomes and/or educational access, with the recording serving as a teaching/learning tool. In all cases where a recording will occur, the instructor must be notified in advance of the recording of a class session. An instructor may give students in the class access to a recording as

part of the course curriculum or, alternatively, grant permission to select individuals (including proxy recordings). The instructor may rescind previously granted permission to record at any point during the course, provided that doing so does not compromise an approved accommodation. Any permitted class recordings made by students must be destroyed one week after the final grade is posted for the course, unless the student has received permission from the instructor to retain them or is entitled to retain them as an approved accommodation. Instructors may retain a class recording for other purposes on the condition that all identifying student audio and images are edited out of the recording unless permission has been granted. No instructor will be required to permit recording except under requirements of law. Class recordings may not be reproduced, transferred, distributed, or displayed in any manner. Students may not share authorized recordings from class in any way with anyone. This includes, but is not limited to:

- sharing recordings with other students;
- sharing recordings with parents or guardians;
- sharing recordings with friends;
- sharing recordings through social media;
- posting recordings online;
- emailing recordings to anyone; and
- retaining downloaded recordings.

Scientific and Professional Ethics: The work you do in this course must be your own. Feel free to build on, react to, criticize, and analyze the ideas of others but, when you do, make it known whose ideas you are working with. You must explicitly acknowledge when your work builds on someone else's ideas, including ideas of classmates, professors, and authors you read. If you ever have questions about drawing the line between others' work and your own, ask the course professor who will give you guidance. Exams must be completed independently. Any collaboration on answers to exams, unless expressly permitted, may result in an automatic failing grade and possible expulsion from the Program. Please review the Academic Integrity Code, which is found online at www.muhlenberg.edu/main/aboutus/dean-academic/integrity and in the student handbook.

Accommodations for Students with Disabilities: Students with disabilities requesting classroom or course accommodations must complete a multi-faceted determination process through the Office of Disability Services prior to the development and implementation of accommodations, auxiliary aids, and services. Each Accommodation Plan is individually and collaboratively developed between the student and the Office of Disability Services. If you have not already done so, please contact the Office of Disability Services to have a dialogue regarding your academic needs and the recommended accommodations, auxiliary aides, and services.

The Academic Resource Center (ARC): ARC offers individual and small-group tutoring, course-specific workshops, peer mentoring, and professional academic coaching for all currently enrolled Muhlenberg students. Students may request to be assigned to work on a weekly basis with a tutor for the duration of the fall semester starting on Wednesday, September 8, 2021. A link to the online tutor request form is available on the ARC website: www.muhlenberg.edu/arc. Questions regarding the ARC or any of their services may be directed to arcstudent@muhlenberg.edu.

Financial Support: If you are experiencing financial hardship, have difficulty affording groceries or accessing sufficient food to eat every day or do not have a safe and stable place to live, and believe this may affect your performance in this course, I would urge you to contact our CARE Team through the Dean of Students Office for support. The webpage is: www.muhlenberg.edu/main/aboutus/deanst/careteam/. You may also discuss your concerns with me if you are comfortable doing so.

Course Outline: Following is the outline of the course.

Week	Day	Date	Topic	Chapter
1	Tuesday	18-Jan	Introduction	Ch1-2
	Thursday	20-Jan	Description of financial markets	Ch1-2
2	Tuesday	25-Jan	Description of financial institutions	Ch1-2
	Thursday	27-Jan	Financial statements	Ch3
3	Tuesday	1-Feb	Financial statements	Ch3
	Thursday	3-Feb	Financial statements	Ch3
4	Tuesday	8-Feb	The time value of money, compound interest	Ch5
	Thursday	10-Feb	The time value of money, cash flows and timeline	Ch5
5	Tuesday	15-Feb	The time value of money, annuity & perpetuity	Ch5
	Thursday	17-Feb	Review	
6	Tuesday	22-Feb	Midterm 1	
	Thursday	24-Feb	Loans, future value of annuity and perpetuity.	Ch5
7	Tuesday	1-Mar	Loans, future value of annuity and perpetuity.	Ch5
	Thursday	3-Mar	Interest rates: APY vs APR vs EAR	Ch6
8	Tuesday	8-Mar	Interest rates: APY vs APR vs EAR	Ch6
	Thursday	10-Mar	Valuing bonds: terminology & pricing	Ch6
9	Tuesday	15-Mar	spring break	
	Thursday	17-Mar	spring break	
10	Tuesday	22-Mar	Valuing bonds: zero coupon bonds	Ch6
	Thursday	24-Mar	Valuing stocks: terminology & pricing	Ch7
11	Tuesday	29-Mar	Review	
	Thursday	31-Mar	Midterm 2	
12	Tuesday	5-Apr	Valuing stocks: dividend discount model	Ch7
	Thursday	7-Apr	Valuing stocks: Gordon growth model	Ch7
13	Tuesday	12-Apr	Net Present Value (NPV)	Ch8
	Thursday	14-Apr	Internal Rate of Return (IRR)	Ch8
14	Tuesday	19-Apr	Rate of return	Ch8
	Thursday	21-Apr	Inflation + Short sale	Ch5 +Ch9
15	Tuesday	26-Apr	Inflation + Short sale	Ch5 +Ch9
	Thursday	28-Apr	Risk, return, and the cost of capital. Historical evidence	CH11
16	Tuesday	3-May	Risk, return, and the cost of capital. Historical evidence.	CH11
	Thursday	5-May	review	

Please see me if you feel lost. Don't wait as thing will only get worse! If you can't make office hours, see me after class or email me and we will set up a mutually convenient time.