

# Course Syllabus

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## FINANCE 500MSP (Introduction to Finance) Spring 2022

Tuesdays/Thursdays @3:30-4:50 in 166 Wohlers

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**Instructor:** Matt Marcinkowski

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### Week 1 Zoom Information\*:

<https://illinois.zoom.us/j/84678874391?pwd=YUREaCtIN1M2dUdwbfRhVTEsWXpoZz09>

(<https://illinois.zoom.us/j/84678874391?pwd=YUREaCtIN1M2dUdwbfRhVTEsWXpoZz09>)

Meeting ID: 846 7887 4391

Passcode: FIN500

\*In the unlikely event the university transitions fully online at some point during this semester or if I test positive and need to quarantine, this Zoom meeting will continue to be used.

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### Office Hours:

Tuesdays and Thursdays @2:00-3:00 ([in BIF atrium](#)) (start in Week 2)\*

\* I may need to reschedule my office hours in the second half of the semester to coordinate with my iMBA teaching. I will use Canvas Announcements to inform you of any changes.

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### Course Objective

Introduction to financial management and decision making. A customized course, designed to provide a survey of finance for graduate students who do not necessarily have previous training in the disciplines.

### Tentative list of topics:

1. Introduction:
  1. Measures of return
  2. Time value of money

3. Basic bond valuation
4. Duration & convexity
2. Selected topics in investments and portfolio theory
  1. 2-asset portfolio
  2. Markowitz optimization with many assets
  3. Capital Asset Pricing Model
  4. Refinements, critiques & implementation.
  5. Derivatives
3. Selected topics in corporate finance
  1. Review of financial statements & ratio analysis
  2. Cost of capital
  3. Project evaluation & capital budgeting
  4. Real options
  5. Introduction to corporate financing
  6. Capital structure
  7. Payout Policy
  8. Corporate Governance

### Important Dates

March 3, 2022 – Midterm Exam I (in class – **subject to change**)\*

March 15 & 17, 2022 – Spring Break (no class)

May 3, 2022 – Midterm Exam II (during our last class meeting)

TBD - Final Exam\*\*

\* I intend to schedule your Midterm I to minimize conflicts with exams in your core courses, particularly in econometrics. I will consider your input, but the decision will be mine (and will not necessarily result in a Pareto improvement).

\*\* The final exam will be due at the end of the final exam time as scheduled by the Registrar. According to the guidelines, your final **should** be scheduled at 7:00-10:00PM on Monday, May 9. However, the official time will be published on February 24 on Course Explorer and it will prevail if there is a discrepancy.

### Required Materials

- 'FIN500 MSP' **Canvas** page and its contents
- Any readings specifically designated as **required** (typically available on-line).
- A Zoom client installed on computer and authenticated using the university credentials through [illinois.zoom.us](https://illinois.zoom.us)
- TI BA II Plus Financial calculator (including the Platinum version). No other calculators will be

supported or permitted on assessments. You should obtain a calculator as soon as possible. Before you do, you may install an emulator on your phone. Keep in mind, however, you will NOT be permitted to use emulators (and phones!) on exams and assessments. **You must have access to a calculator or emulator by Tuesday, January 25, 2022.**

- A charged laptop computer with working wireless connectivity and MS Excel (**required in every class**).

### Optional Material

- Aswath Damodaran; *Corporate Finance: Theory and Practice*, John Wiley & Sons, Second Edition, 2001.
- Zvi Bodie, Alex Kane, Allan Marcus; *Investments*, McGraw-Hill Irwin, any recent edition.

I will not follow any textbook in this class. Whenever there is an apparent conflict/discrepancy between your textbooks and the lecture notes, the lecture notes will prevail.

### Final Grade Components

- Midterm Exam I (30%) (in-class, tentatively scheduled for March 3, 2022)
- Midterm Exam II (30%) (in-class, scheduled for May 3, 2022)
- Final Exam (10%)\*
- At least 4 Quizzes (15%)\*\*#
- At least 3 Homework Assignments (15%)\*\*

\* The final exam will be take home. The submission mechanism (either paper or online) will be announced later.

\*\* You will be asked to work on problems/cases in class. Some, but not all, of such exercises will be handed in for credit. At least 4 graded in-class problem sets will be given without prior announcement. Two lowest scores will be dropped and the arithmetic average of the remaining scores will be used to establish the quiz component of your course total. There will be no make-ups for in-class exercises you have missed (even if you have a valid excuse for your absence). We will drop the two lowest scores to allow for emergencies.

# There **may** be bonus quizzes given during the semester.

\*\*\* There will be at least 3 homework assignments. They may be either group or individual (TBA).

### Grading Outline

Students must earn a passing score on the exam component (weighted average of the midterms and the final exam) in order to receive a passing grade in the course. The standard grading scale (with +/- grades) will be used. Overall course average of 93% or higher will guarantee a final grade of an A. In-class quizzes will not be announced in-advance and must be submitted by each student individually. There will be no make-ups for quizzes, but two lowest quiz scores will not be counted toward the final

average.

## Classroom Policies

I am particularly intolerant of lateness. If you are more than 5 minutes late, do NOT ENTER the classroom. If you believe that you will not be able to come to class on time on a regular basis, please discuss it with me in advance. If you are to be late due to exceptional circumstances, e-mail me about it before class. It is common courtesy that phones not be used while class is in session. No calls, texts, web visits, etc. I require all phones be turned off and stored away during a test, quiz or other graded work. Violation of this policy will result in a score of zero on the assignment, and possible academic integrity charges.

## Office Hours & e-mail policy

As a matter of policy, I will refuse to go over lecture material if you did not attend class. It is your own responsibility to obtain lecture notes from your colleagues and to ensure you understand the material. If you have an ongoing issue that causes you to miss lectures, please discuss it with me before it begins to affect your performance in the course.

Do not rely on e-mail for emergency communications – it may take me up to 2 business days to get back to you. While I will attempt to reply to your e-mails you send on weekends, you should not count on hearing back from me before Mon. afternoon. Certain issues are extremely difficult or very time consuming to address via e-mail – I will ask you to meet me if I believe your message falls into this category. Please, e-mail me only from your **illinois.edu** account – I will not read or reply to e-mail messages originating from non-university accounts.

## Grade Appeals

Assessment scores are not subject to negotiation or appeal, except to address grading or clerical errors. **You must contact me within 7 business days** from the time the grade has been posted to report any problems. No appeals will be considered once this 'statute of limitations' has passed. Moreover, all grading problems must be reported by 5:00PM on the last day of instruction.

## Exam Makeup Policies

There will be no make ups for the midterms. If you miss a midterm due to an excused absence, its weight will be shifted onto the other midterm (it will be worth 60% instead of 30%). We are dropping the two lowest quiz scores as an accommodation for minor emergencies. If you miss more than two quizzes, ALL of them as a result of excused absences, I will prorate the remaining scores. There should be no need for make ups or late submissions for the homework considering the amount of time you will be allowed to work on them. If you experience a prolonged, serious illness, please get in touch with me. I may be able to offer you an extension if the circumstances warrant.

## Lecture Notes and Materials

Please, do not assume these are complete as we will cover additional topics and work on examples. You are responsible for everything we discuss in class even if it has not been included in the assigned readings, practice problem sets, and homework assignments. If your notes are not accessible on Canvas on the day of your class, please e-mail me.

## Video Recording Policies

The college requires me to include the following statement in my syllabus:

*"Due to the COVID-19 pandemic, this class will be recorded by the instructor and may be made available to the class, individual students, and/or Gies faculty and administrators. Your instructor will communicate whether and how you can access the recordings. Student capture or posting of course recordings of the class are not allowed without instructor permission."*

FIN500 is a face-to-face course and your attendance is expected. Moreover, most assessments are given in class with no possibility of remote submission. Even though our lecture **may** be recorded (I don't know if 166 Wohlers is so equipped), **I will NOT make these recordings generally available to students. Please, DO NOT ASK.**

**If you are compelled to miss two or more consecutive lectures due to a serious illness or other verifiable emergency and would like access to lecture recordings, please get in touch with me. I can make no guarantees any recordings will be available and/or usable, but I will make an effort to give you access to them INDIVIDUALLY if they exist.**

## Copyright/Recording and Sharing of Class Materials

The contents of the syllabus, class materials, lectures, and course book for this course are protected under the copyright laws of the United States. They are intended for the private use of students and may not be reproduced, shared, posted on-line, or made available to others in any way without the express written permission of the copyright holder. While not a copyright violation, you must not share your answers to the homework or exam questions or your work with anyone at any time, including after the completion of the semester. To do so will be considered a violation of academic integrity.

## Academic Integrity

If you engage in an act of academic dishonesty, you become liable to severe disciplinary action. Such acts include cheating; fabrication or invention of information or citation in an academic endeavor; helping or attempting to help others commit academic infractions; plagiarism; bribes, favors, or threats; academic interference; computer related infractions; unauthorized use of university resources; sale of class materials or notes; failure to comply with research regulations. Part 4 of the Student Code gives complete details of rules governing academic integrity for all students. You are responsible for knowing and abiding by these rules. Giving or receiving assistance on a graded work meant as individual effort will result in a score of zero for the work, along with other possible

consequences. The Code is available on the web at: <http://admin.illinois.edu/policy/code/> (<http://admin.illinois.edu/policy/code/>) **Violation of the Academic Integrity section of the student code may result in dismissal from the University.**

### **Students with Disabilities**

Please consult:

<http://disability.illinois.edu/academic-support/accommodations/testing-accommodations> (<http://disability.illinois.edu/academic-support/accommodations/testing-accommodations>) and let me know immediately if you qualify for special accommodations on timed, graded work.

### **COVID-19 Policies**

Following University policy, all students are required to engage in appropriate behavior to protect the health and safety of the community. Students are also required to follow the campus COVID-19 protocols.

Students who feel ill must not come to class. In addition, students who test positive for COVID-19 or have had an exposure that requires testing and/or quarantine must not attend class. The University will provide information to the instructor, in a manner that complies with privacy laws, about students in these latter categories. These students are judged to have excused absences for the class period and should contact the instructor via email about making up the work.

Students who fail to abide by these rules will first be asked to comply; if they refuse, they will be required to leave the classroom immediately. If a student is asked to leave the classroom, the non-compliant student will be judged to have an unexcused absence and reported to the Office for Student Conflict Resolution for disciplinary action. Accumulation of non-compliance complaints against a student may result in dismissal from the University.

All students, faculty, staff, and visitors are required to wear face coverings in classrooms and university spaces. This is in accordance with CDC guidance and University policy and expected in this class.

Please refer to the University of Illinois Urbana-Champaign's COVID-19 website for further information on face coverings. Thank you for respecting all of our well-being so we can learn and interact together productively.

In order to implement COVID-19-related guidelines and policies affecting university operations, instructional faculty members may ask students in the classroom to show their Building Access Status in the Safer Illinois app or the Boarding Pass. Staff members may ask students in university offices to show their Building Access Status in the Safer Illinois app or the Boarding Pass. If the Building Access Status says "Granted," that means the individual is compliant with the university's COVID-19 policies—either with a university-approved COVID-19 vaccine or with the on-campus COVID-19 testing program for unvaccinated students.

Students are required to show only the Building Access Screen, which shows compliance without specifying whether it was through COVID-19 vaccination or regular on-campus testing. To protect personal health information, this screen does not say if a person is vaccinated or not. Students are not required to show anyone the screen that displays their vaccination status. No university official, including faculty members, may ask students why they are not vaccinated or any other questions seeking personal health information.

## Emergency Response Recommendations

Please be aware of your environment. In the event of an emergency, (weather, fire, etc.) it is important that we are all familiar with the location of exits and designated safe places.

<https://police.illinois.edu/emergency-preparedness/run-hide-fight/>

### Things You Should Be Aware Of

The Department of Homeland Security and the University of Illinois at Urbana-Champaign Office of Campus Emergency Planning recommend the following three responses to any emergency on campus: **RUN > HIDE > FIGHT**

Only follow these actions if safe to do so. When in doubt, follow your instincts—you are your own best advocate!

### RUN

Action taken to leave an area for personal safety.

- Take the time now to learn the different ways to leave your building before there is an emergency.
- Evacuations are mandatory for fire alarms and when directed by authorities. **No exceptions!**
- Evacuate immediately. Pull manual fire alarm to prompt a response for others to evacuate.
- Take critical personal items only (keys, purse, and outerwear) and close doors behind you.
- Assist those who need help, but carefully consider whether you may put yourself at risk.
- Look for **EXIT** signs indicating potential egress/escape routes.
- If you are not able to evacuate, go to an Area of Rescue Assistance.
- Evacuate to Evacuation Assembly Area and remain until additional instructions are given.
- Alert authorities to those who may need assistance.
- Do not re-enter building until informed by emergency response personnel that it is safe to return.

### ACTIVE THREAT:

- If it is safe to do so run out of the building. Get as far away as possible. Do not go to the Evacuation Assembly Area.

### HIDE

Action taken to seek immediate shelter indoors when emergency conditions do not warrant or allow evacuation, such as for severe weather.

- Take the time now to learn the different ways to seek shelter within your building before there is an emergency.
- If you are outside, proceed to the nearest protective building.
- If sheltering-in-place due to severe weather, proceed to the identified Storm Refuge Area or to the lowest, most interior area of the building away from windows or hazardous equipment or materials.

#### ACTIVE THREAT:

- Lock or barricade your area.
- Get to a place where the threat cannot see you.
- Place cell phones on **silent**.
- Do not make any noise.
- Do not come out until you receive an Illini-Alert advising you it is safe.




#### FIGHT

Action taken as a last resort to increase your odds for survival.


#### ACTIVE THREAT:

- If you cannot run away safely or cannot hide, **be prepared to fight with anything available to increase your odds for survival.**

## Course Summary:

Date	Details	Due
Thu Jan 27, 2022	 <b>Quiz 2</b> ( <a href="https://canvas.illinois.edu/courses/17550/assignments/424107">https://canvas.illinois.edu/courses/17550/assignments/424107</a> )	due by 4:50pm
Tue Feb 8, 2022	 <b>Quiz 3</b> ( <a href="https://canvas.illinois.edu/courses/17550/assignments/428837">https://canvas.illinois.edu/courses/17550/assignments/428837</a> )	due by 4:50pm
Tue Feb 22, 2022	 <b>Bonus Quiz 1 (1 course point)</b> ( <a href="https://canvas.illinois.edu/courses/17550/assignments/434341">https://canvas.illinois.edu/courses/17550/assignments/434341</a> )	due by 4:50pm



Date	Details	Due
	 <b>Quiz 1</b> <a href="https://canvas.illinois.edu/courses/17550/assignments/425873">https://canvas.illinois.edu/courses/17550/assignments/425873</a>	