

FIN 5437: Finance I: Asset Valuation, Risk and Return

Course Objective: This course is the first of two modules of the finance core. Taken together, these two modules are designed to serve two purposes. First, every MBA/MSM student should be familiar with a set of financial concepts and tools that are essential to managing a business. Finance I will expose all students-regardless of their intended concentration-to a body of information that will help them to succeed as general managers. Second, these two courses provide a foundation for students planning to take further elective courses in finance, insurance, and real estate.

Course Description: The format of Finance I is primarily lecture and discussion, with real-world assignments to make the linkage with business operations and to gauge your understanding of the material. The topics presented often involve detailed numerical calculations, which may be intimidating to some students. While this "number crunching" is essential to ensure that you can analyze the data systematically, the more important purpose of the finance core is to instill in students a useful set of concepts that can be used to evaluate business decisions in a rational, coherent manner. Finance I is intended to provide students with an understanding of selected key finance concepts, an opportunity to discuss contemporary financial events as they occur, and an appreciation of the challenges in applying financial concepts to real-world situations.

Prerequisites: Graduate student

Textbooks: (1) *Financial Management: Theory and Practice* (12th edition) by Brigham and Ehrhardt. (2) *The Wall Street Journal* (Recommended)

Calculator Required: A financial calculator - defined as one with bond valuation, net present value (NPV), and internal rate of return (IRR) functions - is a necessity for the finance core. Two candidates are the HP 10B (about \$35) and the HP 17B (about \$90). Calculators are required for the quizzes; be sure to have fresh or back-up batteries.

Assignments: There will be three graded real-world assignments completed by self-formed groups of up to five individuals.

Examinations: 2 quizzes will take place in the regularly scheduled class. They will be closed book, closed notes, but you may use a formula sheet.

Grading: Graded Assignments (36%, 12% each); Quizzes (60%, 30% each); Class Participation (4%).