

**University of Florida
Warrington College of Business**

**Finance 4414
Financial Management**

Spring 2017

Instructor:

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Office Hours: MW 9.00am until right before class and by appointment. Please email me even if you are planning to stop by during regular office hours to ensure you won't have to wait for a bunch of other people coming for office hours. [especially during hours around case submissions/exams]

Course Information:

Financial Management is the capstone course for undergraduate finance majors. The class will integrate and extend the ideas that were covered in your prerequisite courses.

The class will have two streams. The first stream will look at the various issues that financial managers face in today's environment. We will explore in detail the following topics:

- Corporate Objectives and Corporate Governance
- Valuation
- Cost of Capital and Capital Structure Analysis
- Corporate Payout Policies
- Real options
- Risk Management

The second stream will look at investing, with specific topics including

- Asset allocation
- Quantitative equity investing
- Behavioral finance

The overall idea behind the two streams is that while not all of you will go on to make corporate finance decisions, all of you will at some point **have** to allocate your own capital. To the extent possible, I will try to link the two streams. For example, when I discuss valuation techniques, I will also discuss quantitative investing using PE ratios.

Required Materials:

1. Cases (available from Target Copy)
2. A decent calculator (optional)
3. A laptop with wifi and enough charge to last through class (with Excel)
4. Equities Lab
5. McGraw Hill e-book + Smart connect

Cases & Readings

A number of readings, movies and cases will be assigned prior to each class. These materials are available in the coursepack (cases) and through e-learning Canvas page (readings). Students are expected to prepare the assigned materials prior to class.

Calculator

The calculator will be necessary for exams, and it will also be helpful in those circumstances when you need to make a quick calculation, but you don't have easy access to a spreadsheet program. I am not requiring or recommending a specific calculator but suggest you strongly consider one that can compute present value values of perpetuities/annuities easily.

Computer

I strongly urge you to bring laptops to class. If you have both a PC and a Mac, bring the PC. Many classes will use real life, real time examples using information from the internet. Additionally, spreadsheet techniques will be covered in class and having easy access to Microsoft Excel will help internalize the covered techniques. Finally, 4-5 classes and the final project will use Equities Lab

Equities Lab (required)

Equities Lab is a stock analysis product I will be using in my class in parallel with a lot of the theoretical material we will be covering. It costs \$25 for the semester. It will be used in a number of classes, for homework assignments, and for part of the final assignment.

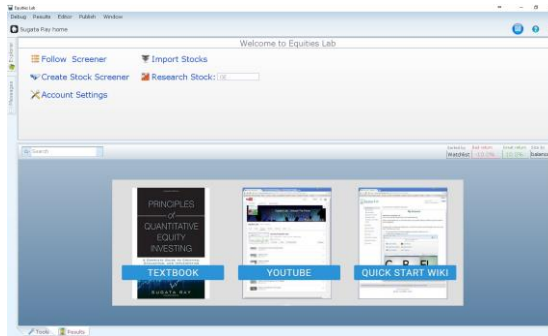
Purchase the subscription here:

<https://www.equitieslab.com/checkout/?rid=pm4O5X>

Once you have subscribed and created an account, download the software here:

<https://www.equitieslab.com/myaccount/>

Run the program and login again. You should be able to get to a screen like this:



If you have trouble getting to this point, email henry@equitieslab.com and he will help you.

Quantitative Investing Book (recommended for additional help with Equities Lab)

I have written a book, “Principles of Quantitative Equity Investing,” that covers the process of investing using quantitative techniques. I will assign readings from this book that are relevant to various in-class activities we do.

It is available from the Financial Times Press directly at :

<http://www.ftpress.com/store/principles-of-quantitative-equity-investing-a-complete-9780134192796>

Use the discount code FT2796 for a 40% discount, to reduce the price to about \$37.

It is also available at Amazon (<http://www.amazon.com/Principles-Quantitative-Equity-Investing-Implementing/dp/0134192796>) for about \$50 new and \$20 used.

A note on conflicts of interest: I may receive royalties on materials used for my class (i.e. some small fraction of your purchase price of any new books may come to me). To ensure minimal conflicts of interest, I donate all royalties from purchases by my classes back to UF.

Textbook

Required Textbook Materials:

Access to McGraw-Hill’s Connect for Brealey’s Principles of Corporate Finance 12th edition

Students are required to purchase Connect Access, which includes the eBook , to complete the graded LearnSmart self-study modules and homework. You can purchase Connect two ways:

1. Purchase Connect access upon registration online, and use the eBook
2. Purchase the Connect Access Code in the college bookstore

To buy the Connect Access Code, you must log in through Canvas, and then into my course. You will be prompted to either enter the access code (if you purchased it at the bookstore) or to purchase access. If you do not log into Connect through Canvas, then your homework grades will not be posted. Once you register for Connect via Canvas, you will not have to log into Connect again. You will be automatically signed in via Canvas. Please note: You may also download the SmartBook app. from any app. store to complete your guided reading assignments on any tablet. On the first day of class, you are expected to register for Connect access. Even if you do not have the funds yet to purchase course materials, you will be able to use McGraw-Hill's 2 week courtesy access so that you do not get behind.

How to register for Connect:
<https://www.youtube.com/watch?v=aSCa610cwQs&feature=youtu.be>
What to expect from Smartbook:
<https://www.youtube.com/watch?v=PTOr6clmkyo&feature=youtu.be>

Class Attendance and Participation:

As a capstone class, we rely heavily on class discussion. This class is not designed to be the type of class where you can frequently miss class, but catch up just before the examinations by reading through the text and written notes provided by instructor. No formal notes will be provided, and while sample exams will be distributed prior to the exams, exams for any given year will vary significantly from those in other years. At this point in your life, your primary emphasis should be on learning the material and developing skills that will help you in the months and years following graduation rather than “studying to the test.”

Given the nature of this course, students need to keep up and they can't disappear for long periods of time. Consequently, students are expected to attend each class, and they are expected to participate in class discussions. I will not take attendance, but if you do not come to class consistently, I will notice, and your class participation grade will suffer.

Students are required to attend class the days of examinations and the days where there will be student-led presentations if they are presenting. If you need to be excused from this requirement, you need to let me know well in advance (within the first 2 weeks of the semester, and you need to provide suitable documentation).

Cases:

Throughout the term, we will cover a number of cases. These cases, which can be found in your coursepack from Target Copy, have been written by authors at the Harvard Business School and the Darden School at the University of Virginia. The cases highlight a variety of situations facing companies. In working through the cases, you will be forced to apply many of the concepts discussed in the readings, class lectures, and in

previous classes. You will quickly see that a lot of interesting complications arise when you try and apply these concepts in a real world setting.

During the second class, I will require you to organize yourselves into 6 groups of approx. 6 students each. All six groups are required to submit a written write-up (one write-up per group) for each of these cases, and all class members are required to attend class the days that these cases are presented. These write-ups will generally consist of a 3-4 page discussion of the case. I will give you some specific issues and questions to address in the case write-up, a week or so before it is due

Each group will also **choose one of the first six cases** to present in depth on day when the cases are due. This will involve a 20-30 minute presentation of the case, key issues and next steps. Since there are seven cases, the last case will be held in reserve. During the second class, I will let the 6 groups choose which of the cases they would like to present. If there is competition to present a case, the allocation will be done of a first come first served basis.

The basic format is that the presenting group will play the role of a consulting firm brought in to analyze the situation for the firm. The audience will play the role of the firm's senior managers. The audience is expected to ask questions and interject their own opinions. At the end of the presentations, the audience will also be asked to evaluate the student presentations both for content and style. This feedback will be anonymously shared with the presenting groups.

If done correctly, you will find that the cases are both a lot of work, and quite interesting. For the cases to be successful, all students have to be prepared, and to be willing to be active and constructive members of their group. Because of other obligations, or just general laziness and indifference, some students may be tempted to free ride on the efforts of others. In order to stem this behavior, I will give you all the opportunity to anonymously evaluate the contributions of your fellow group members at the end of the term. I reserve the right to significantly lower the grades of students who demonstrate a lack of performance in this area (through their peer evaluation score, class participation score and/or through their case write up/presentation scores).

I understand that cases may be new to a lot of students, and that some concerns may arise about the lack of structure surrounding case assignments. I would urge you all to keep a positive attitude, to be creative, and to take things a step at a time.

Equities Lab Mini-HWs:

To get you familiar with Equities Lab, I will assign 4 homework assignments in Equities Lab through the semester. These will be auto-graded by Equities Lab software and the expectation is you should all get full points for these assignments if you submit on time. Top performers will receive extra credit.

Examinations:

We will have two in class examinations. They are both open book, open internet, open everything. The only restriction is that you are not allowed to ask anyone else for help with the exam. The exams will have a multiple choice portion and a short answer portion. Both will be conducted on the e-learning platform.

Students requesting classroom accommodation must first register with the Dean of Students Office. The Dean of Students Office will provide documentation to the student who must then provide this documentation to the Instructor when requesting accommodation.

Grading:

Your final course grade will be determined as follows:

Cases/Class Participation/Assignment/Other:

Case Write-ups	12%
Equities Lab mini HWs	8% (up to 16% with extra credit)
Peer evaluation	5%
Case Presentation	5%
Canvas questions	10%
Class participation	10%
Exam 1	25%
Exam 2	25%

A Final Word about Graduating Seniors:

As I have mentioned above, many of you are graduating seniors. My experience is that teaching graduating seniors is always a lot of fun, but it presents some unique challenges.

I assume that you like finance a lot – otherwise you wouldn't be a finance major! I also assume that you have a solid understanding of the basics, and that you are eager to apply these concepts in a class environment where there are fewer lectures and more discussion. With this in mind, I have put together a class that I think will be rigorous, relevant and hopefully a lot of fun. By the end of the term, I hope you have a stronger understanding of the basics, a renewed interest in finance, and that you have developed stronger bonds among your classmates.