



MGMT 526 -- Financial Management

Spring 2020

Mondays and Wednesdays, 2:00pm – 3:15pm
MCM 2120

OVERVIEW:

This is an MBA course designed to help students understand the fundamental workings of finance - *the science of funds management*.

Finance is the art of passing currency from hand-to-hand until it finally disappears.
- Robert W. Sarnoff

October: This is one of the peculiarly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August and February.
-Mark Twain, *Pudd'nhead Wilson's Calendar for 1894*

Finance is one of the most important and practical subjects to understand in the business environment. It is the inspiration for dreams, the uniting factor behind business and enterprise, and can sometimes be the source of great failures. This course describes and applies concepts including the Time Value of Money, the Valuation of Stocks and Bonds, Interest Rates, Risk and Return, the Cost of Capital, and Capital Management. By taking this course, students should become familiar with these concepts and should be able to explain and use these terms effectively.

Mathematics has a constant presence in Finance, yet while a basic understanding of math helps, one does not need to be a mathematician to succeed in this course. The best formula for earning an 'A' in the course is to read the chapters in the book, use all the resources available in class, and if you have any questions – ask them. If there are concepts students do not understand, they are encouraged to come in during office hours to go over any problems and/or concerns.

Reilly White is available in MCM 4032 on **Mondays, 1:00pm-2:00pm, Wednesdays 12:00pm – 2:00pm**, as well as by appointment (on any day!).

REQUIRED MATERIALS:

Book: Corporate Finance by Jonathan Berk and Peter DeMarzo. 3rd Edition or 4th Edition are both okay – this is particularly required for Finance concentration students.

Free Version: Corporate Finance, 4th Edition, by Ivo Welch, accessible here (<http://book.ivo-welch.info/read/>). Book is presented online, but if you'd like a print edition, it's \$60.

Calculator: Purchasing a **Texas Instruments BA II Plus** or **BA II Plus Professional** is strongly suggested for use in this course, as this is the one Reilly will be using to solve problems in class. However, any calculator students are familiar with can also be used, including **Graphing Calculators with Finance Functions** (such as TI-83, TI-84, TI-4124123bx, etc.)

Online Material: All other course material will be posted to Blackboard Learn online.

Students are strongly encouraged to regularly read the Wall Street Journal and other business publications such as Fortune, Forbes, The Economist, or Business Week.

CLASS ROOM POLICIES:

Students are expected to be respectful to themselves and the instructor at all times. Participation is encouraged. Laptops are ***strongly discouraged***, and should not be open during classroom discussion at any time, unless explicitly stated so by the instructor.

Cell phone, pagers and computer speakers should be muted or turned off. If you must take an emergency call, you may leave the classroom.

Please note that if Religious observances prohibit you from participating in any required activities such as exams, please let me know at least one week in advance so alternative arrangements can be made.

In accordance with University Policy 2310 and the Americans with Disabilities Act (ADA), academic accommodations may be made for any student who notifies the instructor of the need for an accommodation. It is imperative that you take the initiative to bring such needs to the instructor's attention, as I am not legally permitted to inquire. Students who may require assistance in emergency evacuations should contact the instructor as to the most appropriate procedures to follow. Contact Accessibility Resource Center at 277-3506 for additional information.

If you need an accommodation based on how course requirement interact with the impact of a disability, you should contact me to arrange an appointment as soon as possible. At the appointment we can discuss the course format and requirements, anticipate the need for adjustments and explore potential accommodations. I rely on the Disability Services Office for assistance in developing strategies and verifying accommodation needs. If you have not previously contacted them I encourage you to do so.

In an effort to meet obligations under Title IX, UNM faculty, Teaching Assistants, and Graduate Assistants are considered "responsible employees" by the Department of Education (see pg 15 -

<http://www2.ed.gov/about/offices/list/ocr/docs/qa-201404-title-ix.pdf>). This designation requires that any report of gender discrimination which includes sexual harassment, sexual misconduct and sexual violence made to a faculty member, TA, or GA must be reported to the Title IX Coordinator at the Office of Equal Opportunity (oeo.unm.edu). For more information on the campus policy regarding sexual misconduct, see: <https://policy.unm.edu/university-policies/2000/2740.html>

Each student is expected to maintain the highest standards of honesty and integrity in academic and professional matters. The University reserves the right to take disciplinary action, up to and including dismissal, against any student who is found guilty of academic dishonesty or otherwise fails to meet the standards. Any student judged to have engaged in academic dishonesty in course work may receive a reduced or failing grade for the work in question and/or for the course. Academic dishonesty includes, but is not limited to, dishonesty in quizzes, tests, or assignments; claiming credit for work not done or done by others; hindering the academic work of other students; misrepresenting academic or professional qualifications within or without the University; and nondisclosure or misrepresentation in filling out applications or other University records

COURSE GRADING: The final grade is based upon the student's performance on three Exams and Homework Assignments.

Three Exams (20% each)	60%
Finance Current Event	10%
Homework /Assignments	30%

Exams will consist of conceptual material and problems. The content for exams focuses primarily on class lecture/discussion and assigned homework problems, but may also include material covered in the assigned chapters. Calculators should be used for calculations only! Partial credit will be given for correct procedures even if an error is made early in the problem - correct answers count for only a portion of the credit.

The Grading Scale will be as follows:

97-100	A+
93-96	A
90-92	A-
87-89	B+
83-86	B
80-82	B-
77-79	C+
73-76	C
70-72	C-
67-69	D+
63-66	D
60-62	D-
Below 60	F

HOMEWORK:

Homework assignments will be posted online to Blackboard Learn. Assignments can be submitted online through Blackboard Learn, via email, or in person during class.

Homework assignments will be announced in class, and students will have at least a week to complete them. The lowest HW grade will be dropped. (For example: out of six assignments, five will 'count' towards the student's grade).

FINANCE CURRENT EVENTS:

Students will give a presentation on a *Finance Topic* of their choice. Each student will be assigned a 'day' to talk about a current event in Finance, and give a 5-minute presentation addressing the following:

How does the topic connect with something we learned in class?

How will this impact markets? (Are specific investors especially at risk?)

Based on this news, recommend a course of action (from the perspective of an investor).

The assignment is worth 10% of the student's grade. Grading is out of 10 points. 7 points is based on *Content*, and 3 points is based on *Presentation*. Grades will be e-mailed within two weeks of the presentation date.

MGMT 526, Financial Management
Alignment of MBA Programmatic Learning Goals and Objectives with Course Objectives

MBA Programmatic Learning Goals and Objectives	Course Objectives	Student Resources	Assessments
Goal 1: Apply core concepts of business and managerial disciplines.			
1.1: Students will use core concepts to identify strategic, tactical, and operational problems and develop proposed solutions.		Not Assessed in 526	
1.2: Students will apply core concepts to analyze, initiate and implement managerial actions.		Not Assessed in 526	
Goal 2: Apply business and managerial skills across disciplines.			
2.1: Students will demonstrate the ability to develop pertinent and logically structured arguments.	<ul style="list-style-type: none"> At least 40% of exam and assignment material are open ended questions, and students are evaluated on their ability to reason rather than memorize formulas. This is also integrated into oral presentations, where students must take a rigorous question and answer session form the instructor as well as their peers. 	<ul style="list-style-type: none"> Instructor feedback Assigned Readings 	<ul style="list-style-type: none"> Exams Homework Assignments Assigned Casework
2.2: Students will demonstrate the written and oral presentation skills necessary for a management professional.	<ul style="list-style-type: none"> Students are required to give a <u>five minute</u> presentation on a financial topic of their choice. The topic must be relevant to investors and the students in the course. Using sourced research, the students must explain concisely and effectively the topic to their peers to simulate real world communication challenges. 	<ul style="list-style-type: none"> Instructor feedback Peer feedback Assigned Readings 	<ul style="list-style-type: none"> Focus on written skills with: 10-point Instructor Evaluation
2.3: Students will demonstrate the ability to apply analytic techniques relevant to specific business problems and contexts.	<ul style="list-style-type: none"> Students must solve several business decision homework or exam problems such as time value of money; stock, bond, and firm valuation; financial ratio analysis; capital budgeting; or working capital management. 	<ul style="list-style-type: none"> Instructor feedback Assigned Readings 	<ul style="list-style-type: none"> Homework assignments
2.4: Students will demonstrate the ability to work effectively in teams and to evaluate their performance.	<ul style="list-style-type: none"> Students are asked to work <u>in teams</u> to solve several business decision homework problems such as time value of money; stock, bond, and firm valuation; financial ratio analysis; capital budgeting; or working capital management. 	<ul style="list-style-type: none"> Instructor feedback Peer feedback Assigned Readings 	<ul style="list-style-type: none"> Exams Homework Assignments
Goal 3: Evaluate the consequences of managerial decisions in diverse business contexts.			
3.1: Students will be able to evaluate managerial decisions in local, global, and international environments.	<ul style="list-style-type: none"> When discussing firm-specific risks, students are evaluated on their ability to think critically: identifying the financial problem in the firm and suggesting appropriate remediation. For example, students not only must identify foreign exchange exposure levels, but suggest appropriate hedging techniques for the company. <u>Well reasoned</u> answers take into consideration many factors at the macroeconomic and firm-specific levels. 	<ul style="list-style-type: none"> Assigned Readings Instructor feedback 	<ul style="list-style-type: none"> Exams Homework Assignments
3.2: Students will be able to evaluate the effectiveness, competence, and ethical consequences of managerial decisions.	<ul style="list-style-type: none"> Using integrated curriculum from the CFA institute, ethical problems are incorporated into both individual and group assignments. Students are asked to evaluate new legislation and describe the relevant ethical and societal consequences of both sides of issues. 	<ul style="list-style-type: none"> Instructor feedback Peer feedback Assigned Readings 	<ul style="list-style-type: none"> Exams Homework Assignments Assigned Casework

FINAL NOTES:

Enjoy the course! Finance is, after all, incredibly fun!

MGMT 526 – Preliminary Schedule

All Dates are Preliminary and open to change, as course schedules allow

MONDAY of the Week	Chapter	Topic	Notes
Jan 20	1-3	Syllabus	No Class Jan 20 (MLK Day)
Jan 27	4	History of Finance; Present Value	
Feb 3	4/6	Annuities/Perpetuities, Bond Valuation	
Feb 10	6/9	Bond Valuation/Stock Valuation	
Feb 17	7	Capital Budgeting I	
Feb 24		Review, EXAM 1 (Wednesday, February 26th)	
Mar 2	8	Capital Budgeting II	
Mar 9	5	Rates of Return / Yield Curve	
Mar 16	-	<i>No Class: Spring Break!</i>	No Class: Spring Break
Mar 23	11/12	Behavioral Finance / International	
Mar 30		Review; EXAM 2 (Wednesday, April 1st)	
Apr 6	13	CAPM / Beta / WACC	
Apr 13	18	Investments (Risk vs. Return)	
Apr 20	26	Working Capital Management / Ratio Analysis	
April 27	-	Ethics, Special Topics	
May 4	-	Review, FINAL EXAM (Date: May 6th)	
May 11		Final Exam (Alternative Date): Wednesday, May 13th	Exam Time: 3pm – 5pm

Note: you can take the final *either* on May 6th or May 13th, depending on your schedule!

Special Topics – Date to be Determined

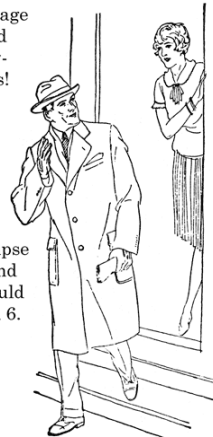
Subject	Subject Area
Crisis and Contagion / Information Cascades	Markets
Currency Risk / FX Exposure	International
Retirement Plans	General Finance

When I take inflation into account, I'll be losing value just by holding onto my own money I already have... what a wonderful system.



Harried To The Sea.com

I'm off to repackage mortgage-backed securities as low-risk investments!



Yes. It will collapse economies around the world. I should be home around 6.

Okay! See you—wait, isn't that a terrible idea?

Harried To The Sea.com