



UNC CHARLOTTE

BELK COLLEGE *of* BUSINESS

MBAD/MSRE 6152 U90
Financial Management
Fall 2016

Instructor: I-Hsuan Ethan Chiang
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Office Hours: (1) Center City: 7th Floor, before class
(2) Main Campus: Friday 340B, by appointment
Class Time: Wednesdays 5:30 PM – 8:15 PM
Class Location: Center City 904

Course Description

The goal of the course is to learn (1) how a portfolio manager can find out fundamental values of financial securities, including equity, debt, and derivative instruments, and enhance portfolio performance, and (2) how a corporate manager can evaluate prospective investment projects and make operational and financial decisions to maximize the intrinsic firm value. *Measurement* of intrinsic security/project/firm values relies on discounted cash flow analysis, which involves two major components. The first component is *estimation of cash flows*, which covers payment structure of fixed income securities, dynamics of stock dividends, and free cash flows to the projects or the firms. The second component is *estimation of appropriate discount rates*, which covers interest rate processes, asset pricing models, and cost of capital. *Maximization* of portfolio or firm values involves portfolio choice, fundamental and technical analysis of securities, capital budgeting, and capital structure policy.

Prerequisites

- MBAD 6112: The Economics of Business Decisions
- MBAD 6131: Management Accounting

Materials

1. Handouts: Handouts will be available from Moodle before classes.
2. Textbook: Brigham, E.F., and M.C. Ehrhardt, 2014, *Financial Management: Theory and Practice*, 14th ed., OH: South-Western Cengage Learning.

3. End-of-chapter problem sets: A problem set will be assigned upon completion of each handout. Answer keys will be posted on Moodle.
4. Extra practice questions: Three sets of extra practice questions and answer keys will be posted on Moodle.
5. Financial calculator: Please bring a calculator with financial functions to every class. Texas Instruments BAI Plus (including Professional model) and Hewlett Packard 12C (including Platinum model) are excellent choices and authorized for use during Chartered Financial Analyst exams. TI BAI Plus will be the calculator used in classroom demonstrations. For convenience, set the display format to six decimal places and the compounding frequency to 1x per period.

Purpose	TI BAI Plus Keystroke
Set the display format to six decimal places	[2nd] [FORMAT] [6] [ENTER]
Set the compounding frequency to 1x per period	[2nd] [P/Y] [1] [ENTER]

Assessment

Item	Date/Time	Weighting Scheme A	Weighting Scheme B
Midterm Exam 1	9/21/2016, 5:30 PM-7:30 PM	33 Points	25 Points
Midterm Exam 2	11/2/2016, 5:30 PM-7:30 PM	33 Points	25 Points
Final Exam	12/14/2016, 5:00 PM-7:30 PM	34 Points	50 Points
Group Project	Due on 12/7/2016	10 Points	10 Points
Total		110 Points	110 Points

- The midterm and final exams will be given in multiple-choice. Questions are based on the lectures, problem sets, and extra practice questions. A financial calculator and a letter-sized piece of paper with formulae and notes are allowed.
- The final exam is cumulative.
- The dates for the midterm exams are strictly firm. In the event that weather or other emergency conditions warrant the closing of the University on the day of a scheduled midterm exam, the exam will be automatically scheduled for the next class meeting. The final exam will be given according to the University's official final exam schedule.

- Should you miss an exam for a legitimate reason (e.g., medical issue or family emergency), please give a prior notice. A physician's letter or other official documents stating the basis of your absence from the exam is required. It is at the instructor's discretion to determine the legitimacy of the reason to miss an exam.
- No makeup exams will be given. If you miss a midterm exam for a legitimate reason, its grade will be replaced by your final exam grade. If you miss the final exam for a legitimate reason, you will be given an "Incomplete." Students missing an exam with unexcused absence will receive a score of zero.
- For the group project, the group size should be 5 or below. A one point per day penalty will be applied to late projects. No project will be accepted after three days, although extension might be given to students with a legitimate reason.
- Grading scale: your overall numerical grade will be calculated using either Weighting Scheme A or B, whichever gives the *higher* mark. The numerical grade will be rounded to the nearest integer and then converted to a letter grade based on the following table:

	Range of Numerical Grade			
	90+	80–89	70–79	0–69
Letter Grade	A	B	C	U

Course Outline

Topic	Subject	Text Chapters
1	Introduction	1
2	Time Value of Money	4
3	Bond Valuation	5
4	Risk, Return, and Asset Pricing	6, 25
5	Stock Valuation	6, 7, 14
6	Cost of Capital	9
7	Project Valuation	2, 10, 11
8	Corporate Valuation	7
9	Capital Structure	15
10	Multinational Financial Management	17

- Dates without class meetings: 10/19/2016 and 11/23/2016
- Tentative extra review session: 12/8/2016 (Thursday)

Additional Information

- **Email:** Much out-of-class communication is done by email. Please make sure you are able to be reached via your UNC Charlotte email account.
- **Disability services:** Students in this course seeking accommodations to disabilities must first consult with the Office of Disability Services and follow the instructions of that office for obtaining accommodations.
- **Student conduct:** All students are required to read and abide by the UNC Charlotte Code of Student Academic Integrity and the UNC Charlotte Code of Student Responsibility. Violations of the Codes will result in disciplinary action as provided in the Codes.
- **Statement on diversity:** The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.
- **Acknowledgement:** I thank Edward Kane, John B.-T. Lee, Ben Nunnally, and Douglas Rolph for their contribution to course materials.