Course description: This course will introduce you to fundamental financial concepts, tools used in financial analysis, and the institutional context in which financial decisions and transactions take place. See the end of this syllabus for detailed learning objectives.

Prerequisites: ECON 221 (Principles of microeconomics), ACCT 225 (Introduction to financial accounting), and 3 hours of statistics at the 200 level. In addition, proficiency in business algebra, business statistics and familiarity with Excel will be very helpful.

Course material:

Blackboard: I will use Blackboard to post important announcements and upload important course materials. I expect you to check Blackboard daily. Make sure you receive Blackboard announcement emails in your inbox.

Required eText: Corporate Finance Online, Eakins & McNally, Pearson
You can purchase an access code for the eText online from Pearson (cheapest option), buy the access code from the University Bookstore, or buy a hard copy of the text along with the access code from the University Bookstore. The eText includes access to Pearson’s MyFinanceLab, which we will use extensively. See “Course Information” on Blackboard for more information.

Top Hat: You are required to sign up for Top Hat’s (tophat.com) classroom response system. I will use Top Hat to track attendance and participation, which will earn you extra credit. You will need to bring a smartphone, tablet, or laptop to class to use Top Hat. I will use Top Hat starting with the second class. See Blackboard for registration instructions.

Calculator: You will need to use a calculator to solve homework and exam questions. You can use a scientific, financial, or graphing calculator. A financial calculator that has “time value of money” functions can be useful in your other business courses, but it is not required for this course.

Excel: You will need access to Excel to solve some of the homework questions.

Other material: From time to time, I might ask you to read articles from the financial press and listen to finance podcasts. Material from these additional sources might show up on the exams. I also encourage you to pick up a copy of the WSJ at the SCANA Study Commons on a daily basis.
Course Requirements and Grading

Homeworks  20%
Exam 1     25%
Exam 2     25%
Final Exam 30%
Extra Credit up to 3%

Grade scale: A: 90-100  B+: 88-89  B: 80-87  C+: 78-79  C: 70-77  D: 60-69  F: 0-59

Homeworks
I will assign homeworks on a regular basis through MyFinanceLab.com. You are allowed and encouraged to collaborate on these problems, although every student must submit their own answers. Late homework penalty is 25% per day. An extension to the due date will be granted ONLY in the event of a system-wide technical problem originating from Pearson and affecting all students. Otherwise, delays affecting individual students (including technical problems such as internet outage, broken computer, etc.) do not warrant an extension. Please complete your homeworks in advance to prevent late penalties.

Exams
Exams will be held in class. No make-up exams will be offered, except for students participating in university-sponsored events in a formal role. It is your responsibility to ensure that you can take the exams at the scheduled time. Since I am teaching four very large sections, I cannot accommodate requests to take the exams at an alternate time (including with another section). Understand that you may have multiple exams on the same day and I will not be able to provide accommodations due to large class size. Should you miss Exam 1 and/or Exam 2 for any reason, those points will be automatically allocated to the cumulative Final Exam. Students that enter the classroom prior to or during the exam are considered to have elected to take the exam and cannot carry over those points to the final exam. I will hold the final exam at the date and time scheduled by the university without any exceptions. It is your responsibility to ensure that you are on campus and available to take the final exam at that time.

If you wish to review your exam, you may send me an email requesting a meeting within one week of the time you receive your grade.

Top Hat extra credit
I will use Top Hat to track attendance and participation, which will earn you extra credit up to 3%. For example, if you were present 100% of the time and answered every Top Hat question correctly, 3% will be added to your final grade total at the end of the semester, which would increase an 85 (B) to an 88 (B+).

It is your responsibility to ensure that you have an active subscription to Top Hat and can use the service without any issues. If you cannot use Top Hat for any reason (you forgot your electronic device, it is out of battery, your app is not working, etc.), you will not be able to make up missed extra credit questions, but you will have the opportunity to see me in person at the end of the class (with a picture ID) and earn the attendance point, provided that you were not late to class. You will not be able to earn any Top Hat grade for that day once I leave the classroom.
Absences for any reason, whether excused or unexcused, result in missed Top Hat points and cannot be made up. Attempts to earn Top Hat points while not present in class or on behalf of other students will be considered a violation of the USC Honor Code and will be reported to the Office of Academic Integrity. To ensure compliance, occasionally I will randomly draw names from the Top Hat gradebook to verify those students’ presence in the classroom. Be prepared to present a picture ID if asked and do NOT leave the classroom early if you have not notified me ahead of time.

After the course has been completed and your grade has been computed, there will be no additional opportunities to improve your grade, no matter how close you are to the next higher grade.

**Blackboard and MyFinanceLab**

You are expected to check Blackboard and MyFinanceLab on a regular basis. I will post all announcements and assigned readings on Blackboard. Also, important dates and any changes to the syllabus will be announced on Blackboard. It is very important that you read the upcoming chapters of the eText before they are covered in class. All homeworks will be assigned and submitted via MyFinanceLab. I will also post practice tests on MyFinanceLab.

**Attendance policy**

I will take attendance starting with the second day of class using Top Hat. Attendance will be rewarded with extra credit as explained above. In addition, students that are absent for more than 25% of the scheduled class sessions (whether for unexcused or excused reasons) will be subject to a grade penalty for excessive absenteeism, with a reduction of one full letter from their final course grade. If you anticipate excessive absenteeism due to participation in university-sponsored events in which you have a formal role, it is your responsibility to inform me of your schedule at the beginning of the term (i.e., first week of class).

**Electronics policy**

There is growing evidence that laptop use in the classroom is detrimental to learning for both students using the laptop and other students around them. Thus, I have joined a growing number of professors who ban laptops, tablets, and phones during class except for limited sanctioned use (in our case, Top Hat). Please do not use any electronic devices during class unless you are instructed to do so. **Laptops must be closed and phones put away before the lecture begins.**

See the following links for evidence of laptops’ detrimental impact in the classroom:

- [Why you should take notes by hand – not on a laptop (Vox)](https://www.vox.com/2012/7/26/3104671/banned-laptops-class)
- [A learning secret: Don’t take notes with a laptop (Scientific American)](https://www.scientificamerican.com/article/why-students-shouldnt-take-notes-on-the-laptop/)
- [Why smart students shouldn’t use laptops in class (Washington Post)](https://www.washingtonpost.com/education/2016/01/26/why-students-shouldnt-take-notes-on-the-laptop/?utm_term=.c0d59e5376f0)
- [Students can’t multitask effectively (Psychology Today)](https://www.psychologytoday.com/sites/default/files/2016-01/050502FEB16-students-cant-multitask-effectively.pdf)
- [Why I banned laptops from the lecture hall (Time)](https://www.time.com/5633361/laptops-banned-class/)

**Class cancellation**

If the university is closed, classes will not be held. If I cannot make it to campus even though the university is open, I will do my best to arrange for a substitute. Otherwise, I may record the lecture and provide you with a web link to the video feed.
**Student Success Center**
Your success in this course is important. I have partnered with the Student Success Center (SSC) to assist you in better understanding course material which can aid you on your path to success. Resources available to students include: Peer Tutoring, Supplemental Instruction (SI), Peer Writing & Communications (PWC), and Peer Success Consultations.

Throughout the semester, I will communicate with the SSC regarding your progress in the course. If you are contacted by the SSC, please schedule a Success Consultation right away and consider scheduling other appointments such as tutoring. Referrals are not punitive and are meant to assist you in connecting with resources in the Student Success Center. SSC services are offered to all students at no additional cost. Please call 803-777-1000, visit [www.sc.edu/success](http://www.sc.edu/success), or go to the SSC in the Thomas Cooper Library (Mezzanine Level) to check schedules and make appointments.

**Accommodating disabilities**
The University of South Carolina provides high-quality services to students with disabilities, and you are encouraged to take advantage of them. Students with disabilities needing academic accommodations must register with the Office of Student Disability Services: 777-6142, sads@mailbox.sc.edu or LeConte College Room 112A. All accommodations must be approved through the Office of Student Disability Services well in advance of exam dates.

**University of South Carolina Honor Code**
Every student has a role in maintaining the academic reputation of the University. Students are to refrain from engaging in plagiarism, cheating, falsifying their work, and/or assisting other students in violating the Honor Code. Two important components of the Honor Code are:

- Faculty members are required to report potential violations of the Honor Code to the Office of Academic Integrity.
- When a student is uncertain as to whether conduct would violate the Honor Code, it is the responsibility of the student to seek clarification from the appropriate faculty member.

Please review the University of South Carolina Honor Code: [http://www.sc.edu/policies/ppm/staf625.pdf](http://www.sc.edu/policies/ppm/staf625.pdf)

Your enrollment in this class signifies your willingness to accept these responsibilities and uphold the Honor Code of the University of South Carolina. Any deviation from this expectation will result in a referral to the Office of Academic Integrity.

In addition, I, along with the Student Leadership Council and the rest of the faculty of the Darla Moore School of Business, expect students to adhere to the Darla Moore School of Business Code of Student Conduct for Undergraduate Students: [http://www.sc.edu/study/colleges_schools/moore/internal/rights_and_responsibilities/code_conduct.php](http://www.sc.edu/study/colleges_schools/moore/internal/rights_and_responsibilities/code_conduct.php)
Strategies to excel in this course:

- Come to class daily, having read the assigned material. I will hold you accountable.
- Pay attention in class and take good notes.
- Complete all homework assignments on time.
- Study on a regular basis.
- Review the homeworks and practice tests on MyFinanceLab while preparing for exams.
- Utilize the peer tutors.
- Utilize the Student Success Center if you need extra help or if you are referred.
- Check Blackboard on a regular basis and make sure you are receiving and reading the emails.
- Post your questions on Blackboard Q&A and check the boards first when you have a question.

Classroom etiquette: Do’s and Don’ts:

- Always arrive in class on time.
- Stay for the entire class, unless you have asked my permission to leave early.
- Do not pack up early. Give me an opportunity to finish what I am saying before being dismissed.
- Do not use any electronics in the classroom except for activities sanctioned by me (ex: Top Hat).
- Do not chat with other students, which tends to be very disruptive particularly in very large sections like ours.
- Do ask questions.

How to reach me:

If it is NOT an emergency:

- Talk to me at the end of the class
- Post your question on the Blackboard Q&A boards (I will check it frequently)
- Go to peer tutors for FINA363 (Schedule to be announced)
- Come to office hours (T/Th, 12:30 – 2:00pm)
- Schedule an appointment

In case of an emergency: Email me at inceo@mailbox.sc.edu

(Start subject line with “FINA 363-001:”)

Important dates:
Midterm 1: Tuesday, September 26th
Midterm 2: Thursday, November 2nd
Final Exam: Tuesday, December 12th, 4:00 pm
No class: 9/28 (Extra period), 10/19 (Fall Break), 11/23 (Thanksgiving)
EY Invasion Day: Monday, August 28th
Business Expo: Wednesday, September 20th
Last day to drop without “W”: Wednesday, August 30th
Last day to drop without “WF”: Monday, October 16th
FINA 363 Learning Objectives

**Overview of the financial economy:**
- Explain why financial markets exist, how they function, and what role different types of financial intermediaries play in the economy.

**Time value of money:**
- Explain what we mean by the “time value of money”.
- Calculate the time value of money. Compute the present and future values of single sums, mixed cash flows, and streams of payments such as annuities and perpetuities.
- Use time value of money concepts to value projects given expected cash flows using a variety of methods such as NPV, payback period, profitability index, IRR, and MIRR.

**Risk and return:**
- Conduct a scenario analysis by computing the expected value and standard deviation of a scenario given its probability distribution.
- Conduct a historical analysis by computing the average return and standard deviation of returns from historical stock prices.
- Calculate the correlation and covariance of two return streams.
- Calculate the expected return, standard deviation, and Sharpe ratio of a two-stock portfolio.
- Explain the concept of diversification and its limits.
- Locate points on the Markowitz mean/variance efficient frontier.
- Explain the separation theorem and the capital allocation line.
- Explain and compare systematic vs. unsystematic risk.
- Compute the beta of a security, and use CAPM to estimate its cost of equity.
- Understand the security market line and Treynor ratio.
- Find WACC to estimate the firm-level hurdle rate.

**Equity securities:**
- Explain the primary characteristics of equity securities.
- Explain the process of obtaining equity financing and the IPO process.
- Find a firm’s unlevered free cash flow
- Value a firm’s equity using both the discounted cash flow (DCF) method and relative valuation analysis (PE, Forward PE, PEG, EV/EBITDA, M/B, etc.)
- Explain the concept of market efficiency and empirical evidence for and against efficient markets.

**Debt securities:**
- Explain general bond categories (Treasuries, munis, corporates, etc.)
- Calculate a bond’s price, yield, and duration.
- Explain and interpret yield curve information.
- Explain basic credit risk ratings (S&P, Moody’s, Fitch) and credit risk spreads.
**Derivatives:**

- Draw payoffs on basic option positions.
- Calculate the option’s payoff, profit, and return at expiration.
- Calculate the payoff, profit, and return on basic option strategies (protective put, covered call, collars, straddles)
- Draw payoffs on futures/forward positions.
- Describe how to hedge currency risk using a futures contract.

**Syllabus Change Policy**

The instructor reserves the right to make changes to the syllabus at his discretion.