

FIN*2000.01 and 02:
Introduction to Finance
F 2024
0.5 Credit Weight

General Course Information

Instructor:	Nancy Bower
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<i>Office Location</i>	MacKinnon 708
<i>Office Hours</i>	Tuesday 2:00 – 3:30 Thursday 2:00 – 3:30, or by appointment
Department:	Department of Economics and Finance
Class Schedule:	Section 1: MW 5:30-6:50 ALEX 100 Section 2: MWF 3:30-4:20 LA 204
Pre-requisites:	ECON*1050, (1 of IPS*1500, MATH*1030, MATH*1080, MATH*1200), (1 of ECON*2740, PSYC*1010, PSYC*2010, SOAN*2120, STAT*2040, STAT*2060, STAT*2080, STAT*2120)

Course Description

This course provides an introduction to the theory, application and real-world evidence of finance. This course examines financial decisions from two distinct points of view: of an individual investor and of a corporation. From the investor's point of view, the course focuses on the valuation of financial assets, the formation of portfolios and the relation of risk versus return. From a corporation's point of view, the course focuses on capital budgeting, capital structure and payout policy with a particular emphasis on long-term corporate financing.

Summary of Course Content

Topics

1. The goals and functions of finance
2. Discounting and present value.
3. Valuation of bonds and stocks
4. CAPM
5. Capital budgeting and risk
6. Basics of capital budgeting
7. Financing
8. Debt policy and the capital structure decision
9. Dividend policy and the dividend controversy

Reading Assignments:

- Chapters 1-2-3
- Chapter 5
- Chapters 6-7
- Chapters 11-12
- Chapters 12-13
- Chapters 8-9-10
- Chapters 14-15
- Chapter 16
- Chapter 18

Course Learning Outcomes

The Department of Economics and Finance Learning Objectives (knowledge, skills, competencies) for this course:

Knowledge and Understanding:

- 1) Statistical and Econometric Methodology: Students will apply regression analysis to estimate beta in their company analysis.
- 2) Microeconomic Modeling: Students will understand the meaning and implications of efficient markets. This will be assessed through exams.
- 3) Understanding of Specific Markets: Students will understand the institutions and workings of primary and secondary stock and bond markets. This will be assessed through exams and the Bloomberg assignment.
- 4) Financial Asset Pricing, Corporate Finance and Risk Analysis: Analyse bond and stock valuations. Understand Corporate Finance and how risk affects valuations of bonds, stocks, and investment projects. This will be assessed through assignments and exams.

Discipline/Professional and Transferable Skills:

- 5) Written Communication: Students will prepare spreadsheets and a memorandum to summarize the results of their company analysis.
- 6) Numerical Problem Solving: Students will have to perform a variety of financial calculations, including Present Value calculations, Bond and Stock valuation, NPV analysis, Capital Asset Pricing Model calculations, and Firm valuation under different capital structures. This will be assessed through assignments and exams.
- 7) Problem Solving in a Real-World Context: Students will collect data and apply the content and analysis learned in the course to a Canadian company in their company analysis.
- 8) Computer Skills: Students will collect data from various financial websites and use excel (or some other spreadsheet program) to perform calculations and regressions and to graph data in their company analysis.
- 9) Professional and ethical awareness and conduct: There will be no extensions on Möbius assignments or the Bloomberg assignment in order to develop time management skills. Students who do not submit the company analysis on time will be assessed a 50% penalty as a means of ensuring time management skills and students will be assessed a penalty for not completing their PEAR reviews to ensure proper professional conduct.

Course Assessment

			Associated Learning Outcomes	Due Date/ location
Assessment 1:	15%	Möbius Assignments (Best 10 of 12 assignments @ 1.5% each)	4, 6, 9	Fridays 11:59pm, Sept. 20 – Nov. 29
Assessment 2:	5%	Bloomberg Assignment	3, 4, 7, 8, 9	Monday, November 4
Assessment 3:	25%	One Midterm Examination	2, 3, 4, 6	Sat., Oct. 26, 3:30-5:30, ROZH 101
Assessment 4:	20%	Company Analysis: Dividend Discount Model – 3% PEAR peer review – 3% CAPM, WACC, Memo – 7% PEAR peer review – 7%	1, 4, 5, 6, 7, 8, 9	PEAR Oct. 23 Oct. 30 Nov. 13 Nov. 20
Assessment 5:	35%	Final Examination	2, 3, 4, 6	Friday, Dec. 6, 11:30-1:30
Total	100%			

Teaching and Learning Practices

Lectures

Lectures will closely follow the topics in the textbook, although for some topics lectures will be more in depth than the associated readings in the text. I will use the projector in conjunction with either the document camera or a computer (using PowerPoint slides) to deliver most of the course material. The PowerPoint slides will be posted on CourseLink but are by no means a substitute for the material covered in class. Lectures are most useful if you have first read the textbook sections related to the day's lectures so that you are acquainted with the terminology and notation used.

I strongly feel that the best way for you to complete the learning process is for you to do problems. To facilitate this, I will be assigning Möbius assignments and an individual project as well as non-graded exercises during the semester. Successful completion of all of these is the best way to achieve the learning objectives for this course.

Course Resources

Required Texts:

Textbook: Fundamentals of Corporate Finance, 8th Canadian Edition, by Brealey, Myers, Marcus, Mitra, and Gajurel (McGraw-Hill, 2024).

You may use an earlier edition of the textbook, but I will not be supporting the textbook (you will be responsible for making sure the chapter readings and exercises are the same). Both the 7th and 8th editions of the text will be available at the reserve desk of the library to help you find the differences between the editions.

The text can also be purchased as an ebook. Information about the ebook will be posted on CourseLink.

Software: Möbius. Möbius is an online testing and assessment software created by Waterloo Maple Inc. that is used in this course. You will purchase this through Digital Ed through a link on CourseLink. The cost is \$30, but that covers all courses that use Möbius over a 1-year period (other courses that may use Möbius are ECON 2310, ECON 2770, and ECON 2740).

CourseLink (D2L):

This course will make extensive use of the CourseLink website. This should be the first place you look to find information about the course. It includes several sections.

Home Page: Here is where you find out about what is currently happening in the course and announcements that pertain to all members of the class. Information about office hours will be posted here, as well as information about what you should be doing each week.

Content: This section contains the course outline, PowerPoint slides, suggested exercises, information about the company analysis, and links to interesting articles relating to the course.

Discussion: In this section you can connect with your classmates and chat about what you are doing in the course. You will also be able to post questions about course material in the Ask Your Instructor Discussion.

Grades: You should check the grades section to find your marks and to make sure that they have been entered correctly.

Links: Here you will find links to sites that you will find useful in your company analysis and interesting sites or videos related to the course content.

Möbius: A link to the Möbius website for registering and completing your assignments.

PEAR: A link to the PEAR website for submitting your company analysis and for reviewing other students' work. Make sure you check CourseLink frequently for updates.

Möbius:

Assignments will be done using the software program Möbius, which is an online platform for algorithmic questions for homework and/or exams. There is an annual subscription fee for this software which will cover its use for this course and any other course over the year that also uses Möbius.

To register on Möbius and process your purchase please click on the Möbius tab on the nav bar in CourseLink. When you click there for the first time it will direct you to the payment site which accepts PayPal or credit cards (note to use credit card, select "PayPal/Credit Card" option then check out as guest – [SEE HERE](#)). Once registration and payment are complete subsequent clicking of the Möbius tab in the nav bar takes you directly to your Möbius class where you will find your homework and/or exams.

Note if you have already paid for Möbius in another class, you should still click on the Möbius tab on the nav bar in Courselink. It will not ask you for payment again; it will only register you in the class. You will not be on the class list unless you access Möbius through the nav bar in CourseLink.

Bloomberg Market Concepts (BMC):

Bloomberg is a mass media corporation based in New York City (<http://www.bloomberg.com/company/>). Bloomberg provides financial tools such as security analysis, security trading platform, live and historical data feeds and news around the world through the Bloomberg Terminal. Bloomberg terminals are widely utilized in the investment industry. You may earn 5% marks by completing the Bloomberg Market Concepts (BMC) training by November 4. To get the 5% for this course, you need to watch all four BMC modules (Economic Indicators, Currencies, Fixed Income, and Equities), take the quizzes along the way and get the certificate. There will be a three-day grace period until November 7 to get any technical issues resolved. If the assignment is not registered as complete on the Bloomberg site by the end of the grace period you will not be able to get the credit for the assignment.

Lang School of Business and Economics is now home to twelve Bloomberg terminals. There are 9 terminals located in Day Hall, Room 101, which are accessed using your student ID. There are also 3 terminals available in the Data Resource Centre in Room 261 of the library during library hours. You can access BMC by creating a Bloomberg log (PDF file on HOW TO CREATE A BLOOMBERG LOGIN will be posted on CourseLink) on one of the terminals then typing BMC <GO>.

BMC includes videos with embedded quizzes that demonstrate the usefulness of the Bloomberg terminals while reinforcing important material that we will cover in class. In the end, you will receive a completion certificate from Bloomberg. I will work with Bloomberg to monitor your completion throughout the semester. If you do not complete all modules, you will receive a grade of zero. **No credit will be given to students who complete the modules after the deadline.** The mark you receive for this assignment is solely based on completion of the assignment. We will not take into account the scores you receive on the modules. I strongly recommend that you try to get this assignment done early to beat the rush and before you have too many other assignments.

You will need the following code to access our class: **5N9GX6S2KM**. You must use this code to identify yourself as a member of this class. **If you do not use this code, I will not be able to see your progress and you will not receive credit for this assignment.** If you have completed BMC previously, you just need to log onto a terminal and enter the course code and then I will be able to see that you have completed it.

Peer Evaluation, Assessment and Review (PEAR):

This course will use the Peer Evaluation, Assessment and Review (PEAR) tool. PEAR is an online peer review application that can be used by instructors and students. If you need technical assistance with using PEAR, please contact CourseLink Support. PEAR (Peer Evaluation, Assessment, and Review) is a tool that you will be using in conjunction with your company analysis that will allow you to evaluate your classmates' work.

Course Policies

Grading Policies

Midterms: There will be one in-person midterm examination, that will be worth 25% of your mark. The midterm will be 1 1/2 hours long, and may consist of true/false questions, multiple choice questions, and/or problems. The midterm will be held on **Saturday, October 26, 3:30 pm to 5:30 pm**. The Midterm will cover topics 1-5. I realize that some students participate in university athletics, university clubs, or have other compelling reasons for not being able to write an exam on the scheduled date. Let me know as soon as possible if you have a conflict with a midterm so that you can be approved to write the make-up exam. Make-up exams will consist of problems and short-answer questions and will only be given if the student has a documentable illness or compassionate reason for missing the exam. If you are unable to write the midterm or the make-up exam then the weight will be put onto the final exam.

Final Exam: The final exam will be a two-hour comprehensive exam. It may consist of multiple choice and true/false questions as well as problems similar to the types of problems recommended in the text and assigned on Möbius.

Final Exam Conflicts: Any student who has a time conflict with the final exam may not register for this course. Note the final exam day and time in the Course Assessment section above. Please check immediately to make sure you do not have a conflict.

Möbius Assignments: These are completed online, and your marks are recorded automatically. Möbius assignments are graded online, and you will be able to see your marks and correct answers. To ensure that you make an effort to solve the problems, feedback will only be available after the assignment has closed. From time-to-time the marks for the Möbius assignments will be uploaded to CourseLink; however, you can always access your marks in Möbius.

Möbius Assignments will be due at 11:59 pm on Friday of each week, with the first two assignments (1A, 1B, 2A, and 2B) due on Friday, September 20. Thereafter, one assignment (parts A and B) will be due each Friday at 11:59pm (with the exception of the assignment due the Friday before Thanksgiving, when the assignment will be due at 5:30 pm). There will be an automatic 48-hour grace period for each assignment until 11:59pm on the Sunday following the Friday due date. You do not need to request the grace period. Be aware, however, that you are not likely to receive responses to emails about the assignment or get technical support from Möbius after 5pm on Friday. Computer related problems or other coursework are not valid reasons for consideration; it is your responsibility to begin each assignment well in advance of when it closes. There will be no extensions on Möbius assignments for any reason, however your lowest two of the 12 assignments will be dropped.

Within Möbius you will find two types of assignments:

- **Graded:** These assignments are a required part of the assessment in this course and will count toward your final mark. Your best 10 of the 12 assignments will be worth 1.5% each. You will have an unlimited number of attempts for the graded assignments.
- **Review:** These assignments will be available after the graded version has been completed and are provided to you as practice for the final exam. No marks are associated with these assignments. These will be labelled by Chapter and topic to make it easier for you to know what material is covered in the review assignment. For review assignments, you have an unlimited number of attempts.

Company Analysis: The purpose of the Company Analysis is to estimate the cost of equity and the weighted average cost of capital for a real firm. You will be assigned a company by email and will collect data and perform calculations related to that company. You will apply some of the methods that you learn in the course; in particular, the dividend valuation model, the capital asset pricing model (CAPM), and the Weighted-Average Cost of Capital (WACC). This project will allow you to become familiar with some of the data sources available for financial data, provide you the opportunity to manipulate real data to calculate variables which are extremely important in finance, and to become familiar with the use of Excel or another spreadsheet program. Information related to this assignment will be available on CourseLink.

The analysis will be submitted in two parts, as outlined in the schedule above. If you submit an analysis for a company other than the one you were assigned you will receive a zero on that portion of the analysis. Through the PEAR tool you will be evaluating three of your fellow students. To ensure that you do a careful job in your assessments, you will receive a mark based on the quality of your evaluations of your fellow students. Quality will be determined by your completing the assessments and providing helpful and specific comments that explain the marks you have given. If any of the submissions you are assigned to review are for a company other than the one you were assigned, you should inform the instructor and you will not have to do that evaluation. If you fail to inform the instructor, you will receive a zero for that review.

All work that you submit for the company analysis should be your own. If I suspect that you have used ChatGPT or other AI to generate your work or your review comments, then I will send your work to the Associate Dean, Academic to be considered as academic misconduct.

See the following University policies:

<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-grds.shtml>

Please note that these policies are binding unless academic consideration is given to an individual student.

Course Policy on Group Work

While I do encourage students to work together to understand the course material, I expect that any submitted work (Möbius assignments, Company analysis, exams) is the student's own work. Submitting someone else's work constitutes academic misconduct. See below for the consequences.

Course Policy regarding use of electronic devices and recording of lectures

Electronic recording of classes or the use of cameras (including cell phones and iPads) in class is expressly forbidden without consent of the instructor. When recordings are permitted, they are solely for the use of the authorized student and may not be reproduced, or transmitted to others, without the express written consent of the instructor.

Contacting your Instructor

You will be able to contact the instructor using the following ways of communication:

- **Ask Your Instructor Discussion:** Use this discussion forum to ask questions of your instructor about content or course-related issues with which you are unfamiliar. Please post general course-related questions to the discussion forum so that all students have an opportunity to review the response. To access the discussion forum, select **Discussions** on the course navbar.
- **Email:** If you have a conflict that prevents you from completing the course requirements, or have a question concerning a personal matter, you can send your instructor a private message by email.
- **Office Hours:** If you have a complex question you would like to discuss, you should come to office hours or schedule an appointment.

University Policies

Academic Consideration

When you find yourself unable to meet an in-course requirement because of illness or compassionate reasons, please advise the course instructor in writing, with your name, id#, and e-mail contact. See the academic calendar for information on regulations and procedures for

Academic Consideration: <http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-ac.shtml>

Academic Misconduct

The University of Guelph is committed to upholding the highest standards of academic integrity and it is the responsibility of all members of the University community, faculty, staff, and students to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring.

University of Guelph students have the responsibility of abiding by the University's policy on academic misconduct regardless of their location of study; faculty, staff and students have the responsibility of supporting an environment that discourages misconduct. Students need to remain aware that instructors have access to and the right to use electronic and other means of detection. Please note: Whether or not a student intended to commit academic misconduct is not relevant for a finding of guilt. Hurried or careless submission of assignments does not excuse students from responsibility for verifying the academic integrity of their work before submitting it. Students who are in any doubt as to whether an action on their part could be construed as an academic offence should consult with a faculty member or faculty advisor.

The Academic Misconduct Policy is detailed in the Undergraduate Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/co8-amisconduct.shtml>

Accessibility

The University of Guelph is committed to creating a barrier-free environment. Providing services for students is a shared responsibility among students, faculty and administrators. This relationship is based on respect of individual rights, the dignity of the individual and the University community's shared commitment to an open and supportive learning environment. Students requiring service or accommodation, whether due to an identified, ongoing disability or a short-term disability should contact the Student Accessibility Services as soon as possible.

For more information, contact SAS at 519-824-4120 ext. 56208 or email accessibility@uoguelph.ca or see the website: <https://wellness.uoguelph.ca/accessibility/>

Course Evaluation Information

Please refer to the [Blue by Explorance system](#).

Recording of Materials

Presentations which are made in relation to course work – including lectures – cannot be recorded or copied without the permission of the presenter, whether the instructor, a classmate, or guest lecturer. Material recorded with permission is restricted to use for that course unless further permission is granted.

Drop date

The last date to drop one-semester courses, without academic penalty, is **Friday, November 29, 2024**. For regulations and procedures for Dropping Courses, see the Academic Calendar:

<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-drop.shtml/>