

## BA-285T Financial Management

Fall 2022

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### CLASS MEETS:

MBA I (Unique #02370): MW 8:00am-9:50am in RRH 4.416

MBA II (Unique #02385): MW 10:10am-12:00pm in RRH 4.416

MBA III (Unique #02400): TTH 10:10am-12:00pm in RRH 4.416

MBA IV (Unique #02405): TTH 8:00am-9:50pm in RRH 4.416

### Instructor: Warren J. (Joe) Hahn

Office: RRH 2.350 (in MBA Program Office)

Office hours: Tuesdays and Wednesdays from 3:00-5:00pm (location tbd) or by appointment.

Email: [joe.hahn@mccombs.utexas.edu](mailto:joe.hahn@mccombs.utexas.edu)

Phone: 512-232-6703 (office), 737-247-8528 (cell)

### TA:

William Campbell (William.Campbell@mba.utexas.edu)

Sneha Arvind Lakhiani (SnehaArvind.Lakhiani@mba.utexas.edu)

Office hours: Mondays and Thursdays from 3:00-5:00PM via Zoom

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## Course Description

Financial management provides a foundation of financial economics covering selected topics in corporate finance and asset pricing. The course's objective is to provide a theoretical framework for considering finance problems and issues and to apply these concepts in practice. Topics covered include the structure and objective of the firm, and the methods firm managers use to evaluate and choose the best value-adding projects for the firm. Through lectures and homework assignments, students learn time value of money tools and calculations, applications of time value tools to the basic valuation of stocks and bonds, capital budgeting rules and capital budgeting practice in measuring project value (NPV and IRR) and an overview of capital markets and the price of risky capital.

### LEADERSHIP AND THIS COURSE

The Texas MBA program is designed to develop influential business leaders. The MBA Program has identified four fundamental and broad pillars of leadership: knowledge and understanding, communication and collaboration, responsibility and integrity, and a worldview of business and society.

In this course, you will enhance your knowledge and understanding of financial management. Through class discussion, informal study groups, and formal group projects you will enhance your communication and collaboration skills. You will learn how managers should organize their financial transactions effectively and with integrity. Finally, financial markets are globally integrated and we will discuss examples involving international companies, giving you a global perspective on financial management.

### HOW WILL I LEARN?

The teaching approach used through the course will be to introduce the fundamental concepts (the “what”), followed by demonstration and practice with the accompanying analytical techniques (the “how”). The latter of these two aspects will require some familiarity with accounting, mathematical, and statistical tools, and will often be implemented in Microsoft Excel, as is common in business practice.

### HOW TO SUCCEED IN THIS COURSE:

The two primary determinants of success in this course are active participation in class and good performance on the homework assignments.

## Course Requirements

### REQUIRED MATERIALS

**Jonathan Berk and Peter DeMarzo: Corporate Finance. Fifth Edition. Pearson, Addison Wesley.** You can purchase the e-text version of the textbook (ISBN-13: 978-0-13-499946-3) for \$69.99 (six months) or for \$99.99 (lifetime) from the publisher: <https://www.vitalsource.com/products/corporate-finance-jonathan-berk-peter-demarzo-v9780134999463>. You can access this version on your laptops, tablets, or smart phones through Bookshelf (VitalSource). Alternatively, you can also rent the book from the campus bookstore (ISBN 978-0-13-518380-9), which will be a little more expensive than the e-text version. You will be given the option to purchase the book at the end of the semester. You should purchase the fifth edition, since it is most up-to-date and captures the current tax code. You should not purchase “Corporate Finance: The Core” or “Fundamentals of Corporate Finance” by the same authors. These books are abbreviated versions of the textbook and do not cover all the necessary material.

**Lecture Notes to Financial Management:** Will be posted in the Files section of Canvas for each lecture.

I also recommend that you follow the Wall Street Journal, Financial Times, New York Times, The Economist, or other financial press for context on current events. Info for access and/or student subscriptions can be found [here](#) and general info on business school library resources is available on the [Business Research Center website](#). Our business school librarian, Loretta Wallace ([l.wallace@austin.utexas.edu](mailto:l.wallace@austin.utexas.edu)) can help with general questions.

## REQUIRED DEVICES

### Required Devices

Either 1) a laptop computer (PC or Mac) with a current version of Microsoft Excel or 2) a financial calculator. A laptop computer with Excel is by far the better of these two options, but if you prefer to use a calculator, it should have features that allow you to easily compute present values (PV) and internal rates of return (IRR). The HP 10bII+ is a good example of this type of calculator, but if you already have an alternative financial calculator, such as the TI BA II Plus, you can use that instead.

## CLASSROOM EXPECTATIONS

**McCombs Classroom Professionalism Policy.** The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Texas MBA experience hinges on this. You should treat the Texas MBA classroom as you would a corporate boardroom. Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects. The Texas MBA classroom experience is enhanced when:

- Students arrive on time. On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- Students display their name cards. This permits fellow students and faculty to learn names, enhancing opportunities for community building and evaluation of in-class contributions.
- Students are fully prepared for each class. Much of the learning in the Texas MBA program takes place during classroom discussions. When students are not prepared, they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- Students respect the views and opinions of their colleagues. Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- Students do not confuse the classroom for the cafeteria. Recognizing that schedules are hectic throughout the day, energy bars and similar snacks are permitted.
- Students minimize unscheduled personal breaks. The learning environment improves when disruptions are limited.
- Students attend the class section to which they are registered. Learning is enhanced when class sizes are optimized. Limits are set to ensure a quality experience and safety.
- Technology is used to enhance the class experience. When students are surfing the web, responding to e-mail, instant messaging each other, and otherwise not devoting their full attention to the topic at hand they are doing themselves and their peers a major disservice. Those around them face additional distraction. Fellow students cannot benefit from the insights of the students who are not engaged. Faculty office hours are spent going over class material with students who chose not to pay attention, rather than truly adding value by helping students who want a better understanding of the material or want to explore

the issues in more depth. Students with real needs may not be able to obtain adequate help if faculty time is spent repeating what was said in class. There are often cases where learning is enhanced by the use of technology in class. Faculty will let you know when it is appropriate.

- Phones and wireless devices are turned off. We've all heard the annoying ringing in the middle of a meeting. Not only is it not professional, it cuts off the flow of discussion when the search for the offender begins. When a true need to communicate with someone outside of class exists (e.g., for some medical need) please inform the professor prior to class.

### GRADING FOR THIS COURSE

Your grade in the course will be determined as follows:

Project	Weight
Final Exam	60%
Homework	40%

This course uses the target distribution as a guideline for establishing final grades:

Grade	GPA	Proportion
A	4.0	25%
A-	3.67	20%
B+	3.33	15%
B	3.0	35%
B- or below	2.67 or below	5%

### Group Homework Assignments

There will be six homework assignments during the course. The assignments will be distributed the week prior to the due date and need to be submitted electronically through Canvas by the dates and times indicated on the assignments. Late submissions will not be accepted, and all homework assignments must be completed (i.e., no drops). You will work in your assigned study groups and the group composition needs to be identical for all the homeworks.

### Final Exam

The final exam is scheduled for **Monday, October 3<sup>rd</sup> from 9:00AM-12:00PM**. The exact time and location/format of the exam will be announced in class as we approach the end of the semester. Please contact me prior to the exam if you need to miss the exam due to religious holidays or other justified reasons. The final exam will be based primarily on material covered in class.

### MyFinanceLab

MyFinanceLab is an optional tool that is bundled with the Berk/DeMarzo textbook. It gives you additional opportunities to review and practice the class material. To register for our class, please see the instructions posted in Canvas.

**COURSE OUTLINE AND TENTATIVE SCHEDULE:**

Meeting	Day	Date	Topic	Berk-DeMarzo Chapter
1	Tu/W	Aug 16/17	I. Financial Management II. Time Value of Money	1, 4
2	Th/ <b>Fri</b>	Aug 18/ <b>19</b>	II. Time Value of Money (cont'd)	4
3	M/Tu	Aug 22/23	II. Time Value of Money (cont'd) III. Interest Rates	4, 5
4	W/Th	Aug 24/25	IV. Bond Markets and Bond Valuation <b>Homework 1 Due</b>	6, 24
5	M/Tu	Aug 29/30	IV. Bond Markets and Bond Valuation (cont'd) V. Equity Markets	6, 24, 23
6	W/Th	Aug 31/Sep 1	VI. Equity Valuation <b>Homework 2 Due</b>	9
7	Tu/W	Sep 6/7	VI. Equity Valuation (cont'd)	9
8	Th/ <b>Fri</b>	Sep 8/ <b>9</b>	VII. Portfolio Theory I <b>Homework 3 Due</b>	10
9	M/Tu	Sep 12/13	VII. Portfolio Theory I	11
10	W/Th	Sep 14/15	VIII. Portfolio Theory II <b>Homework 4 Due</b>	12
11	M/Tu	Sep 19/20	IX. CAPM and Cost of Capital	12
12	W/Th	Sep 21/22	X. Investment Decision Rules <b>Homework 5 Due</b>	7
13	M/Tu	Sep 26/27	XI. Capital Budgeting	8, 18
14	W/Th	Sep 28/29	XII. Capital Structure <b>Homework 6 Due</b>	14, 15, 16

## Policies

### CLASSROOM POLICIES

#### STATEMENT ON LEARNING SUCCESS

Your success in this class is important to me and I recognize that all students do not learn in exactly the same way. If there are aspects of this course that prevent you from learning or exclude you, please let me know as soon as possible. Together we'll develop strategies to meet both your needs and the requirements of the course. I also encourage you to reach out to the student resources available through UT. Many are listed on this syllabus, but I am happy to connect you with a person or Center if you would like.

#### SHARING OF COURSE MATERIALS IS PROHIBITED

Sharing of Course Materials is Prohibited: No materials used in this class, including, but not limited to, lecture hand-outs, videos, assessments (quizzes, exams, papers, projects, homework assignments), in-class materials, review sheets, and additional problem sets, may be shared online or with anyone outside of the class unless you have my explicit, written permission. Unauthorized sharing of materials promotes cheating. It is a violation of the University's Student Honor Code and an act of academic dishonesty. We are aware of the sites used for sharing materials, and any materials found online that are associated with you, or any suspected unauthorized sharing of materials, will be reported to Student Conduct and Academic Integrity in the Office of the Dean of Students. These reports can result in sanctions, including failure in the course.

#### FERPA AND CLASS RECORDINGS

Any class recordings are reserved only for students in this class for educational purposes and are protected under FERPA. The recordings should not be shared outside the class in any form. Violation of this restriction by a student could lead to Student Misconduct proceedings.

#### STUDENT RIGHTS & RESPONSIBILITIES

- You have a right to a learning environment that supports mental and physical wellness.
- You have a right to respect.
- You have a right to be assessed and graded fairly.
- You have a right to freedom of opinion and expression.
- You have a right to privacy and confidentiality.
- You have a right to meaningful and equal participation, to self-organize groups to improve your learning environment.
- You have a right to learn in an environment that is welcoming to all people. No student shall be isolated, excluded or diminished in any way.

With these rights come responsibilities:

- You are responsible for taking care of yourself, managing your time, and communicating with the teaching team and with others if things start to feel out of control or overwhelming.
- You are responsible for acting in a way that is worthy of respect and always respectful of others. • Your experience with this course is directly related to the quality of the energy that you bring to it, and your energy shapes the quality of your peers' experiences.
- You are responsible for creating an inclusive environment and for speaking up when someone is excluded.
- You are responsible for holding yourself accountable to these standards, holding each other to these standards, and holding the teaching team accountable as well.

## DIVERSITY AND INCLUSION

It is my intent that students from all diverse backgrounds and perspectives be well served by this course, that students' learning needs be addressed and that the diversity that students bring to this class can be comfortably expressed and be viewed as a resource, strength and benefit to all students. Please come to me at any time with any concerns. You can also reach out to our Graduate DE&I coordinator, Zerina Hamulic, to discuss any concerns ([Zerina.Hamulic@mccombs.utexas.edu](mailto:Zerina.Hamulic@mccombs.utexas.edu)).

## PERSONAL PRONOUN PREFERENCE

Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, culture, religion, politics, sexual orientation, gender, gender variance, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by a name different than what appears on the roster, and by the gender pronouns you use. Please advise me of this preference early in the semester so that I may make appropriate changes to my records.

## UNIVERSITY POLICIES

### ACADEMIC INTEGRITY

Each student in the course is expected to abide by the University of Texas Honor Code: "As a student of The University of Texas at Austin, I shall abide by the core values of the University and uphold academic integrity."

**Plagiarism is taken very seriously at UT.** Therefore, if you use words or ideas that are not your own (or that you have used in previous class), you must cite your sources. Otherwise you will be guilty of plagiarism and subject to academic disciplinary action, including failure of the course. You are responsible for understanding UT's Academic Honesty and the University Honor Code which can be found at the following web address:

<https://deanofstudents.utexas.edu/conduct/standardsofconduct.php>

## UNIVERSITY RESOURCES FOR STUDENTS

Your success in this class is important to me. We will all need accommodations because we all learn differently. If there are aspects of this course that prevent you from learning or exclude you, please let me know as soon as possible. Together we'll develop strategies to meet both your needs and the requirements of the course. There are also a range of resources on campus:

### SERVICES FOR STUDENTS WITH DISABILITIES

This class respects and welcomes students of all backgrounds, identities, and abilities. If there are circumstances that make our learning environment and activities difficult, if you have medical information that you need to share with me, or if you need specific arrangements in case the building needs to be evacuated, please let me know. I am committed to creating an effective learning environment for all students, but I can only do so if you discuss your needs with me as early as possible. I promise to maintain the confidentiality of these discussions. If appropriate, also contact Services for Students with Disabilities, 512-471-6259 (voice) or 1-866-329-3986 (video phone). <https://diversity.utexas.edu/disability/>

### COUNSELING AND MENTAL HEALTH CENTER

Do your best to maintain a healthy lifestyle this semester by eating well, exercising, avoiding drugs and alcohol, getting enough sleep and taking some time to relax. This will help you achieve your goals and cope with stress.

All of us benefit from support during times of struggle. You are not alone. There are many helpful resources available on campus and an important part of the college experience is learning how to ask for help. Asking for support sooner rather than later is often helpful.

If you or anyone you know experiences any academic stress, difficult life events, or feelings like anxiety or depression, we strongly encourage you to seek support. [cmhc.utexas.edu/individualcounseling.html](http://cmhc.utexas.edu/individualcounseling.html)

### STUDENT EMERGENCY SERVICES:

If at any time you experience an emergency that necessitates your absence from a class requirement (e.g., attendance, assignment submission, or exam), please report your circumstances and absence via the Student Emergency Services website: [deanofstudents.utexas.edu/emergency](http://deanofstudents.utexas.edu/emergency)

## IMPORTANT SAFETY INFORMATION

If you have concerns about the safety or behavior of fellow students, TAs or Professors, call BCAL (the Behavior Concerns Advice Line): 512-232-5050. Your call can be anonymous. If something doesn't feel right – it probably isn't. Trust your instincts and share your concerns.

## TITLE IX REPORTING

Title IX is a federal law that protects against sex and gender-based discrimination, sexual harassment, sexual assault, sexual misconduct, dating/domestic violence and stalking at federally funded educational institutions. UT Austin is committed to fostering a learning and working environment free from discrimination in all its forms. When sexual misconduct occurs in our community, the university can:

1. Intervene to prevent harmful behavior from continuing or escalating.
2. Provide support and remedies to students and employees who have experienced harm or have become involved in a Title IX investigation.
3. Investigate and discipline violations of the university's [relevant policies](#).

Faculty members and certain staff members are considered “Responsible Employees” or “Mandatory Reporters,” which means that they are required to report violations of Title IX to the Title IX Coordinator. **I am a Responsible Employee and must report any Title IX related incidents** that are disclosed in writing, discussion, or one-on-one. Before talking with me, or with any faculty or staff member about a Title IX related incident, be sure to ask whether they are a responsible employee. If you want to speak with someone for support or remedies without making an official report to the university, email [advocate@austin.utexas.edu](mailto:advocate@austin.utexas.edu) For more information about reporting options and resources, visit [titleix.utexas.edu](http://titleix.utexas.edu) or contact the Title IX Office at [titleix@austin.utexas.edu](mailto:titleix@austin.utexas.edu).

The following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, <https://safety.utexas.edu/>.

Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.

- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation shall inform their instructor in writing during the first week of class.
- In the event of an evacuation, follow the instruction of faculty or class instructors. Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.
- Link to information regarding emergency evacuation routes and emergency procedures can be found at: [emergency.utexas.edu](http://emergency.utexas.edu)