

FIN 3400 (A01)
INVESTMENT BANKING
Term1, Fall 2011

INSTRUCTOR

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COURSE DESCRIPTION

The practice and theory of investment banking, including valuation, initial public offerings, mergers and acquisitions, and restructurings.

PREREQUISITES

Required: FIN 2200 (or 9.220) with a grade of C+

COURSE OBJECTIVE

The purpose of this course is to introduce students to the world of investment banking, including equity & debt financings, mergers & acquisitions, and leveraged buyouts. Central to all of these is valuation, and as such, the first part of the course will be devoted to covering the valuation methodologies most typically used by investment bankers. The course will have an emphasis on the Canadian financial markets (though an overview of certain US financial markets will be included), and will take a very practical approach. In addition to examinations, students will be required to complete a valuation assignment as well as a group project that will consist of a 'pitchbook' and oral presentation on a relevant topic covered during the course. In addition to lectures, guest speakers from industry will be brought in to share their experiences with the class.

COURSE CONDUCT

Students are expected to take responsibility for their learning and take an active role in the learning process. As such, students are expected to come to class prepared and ready to learn, which requires reading and studying the relevant material before class. Given that the text does a good job of covering most of the topics for the course, class time will not focus on covering content, but will instead consist of in-class discussion to clarify conceptual material and provide real-world examples.

PROFESSIONAL CONDUCT

Students are expected to demonstrate professional conduct for the duration of the course. Some aspects of this include the following: attending each class and arriving on time, staying for the entire class, restricting discussions in class to the current course material, keeping mobile phones in the “off” or “silent” modes, and not placing or answering calls, text messages, or emails during class time. Unprofessional conduct is disruptive to the learning environment and makes mastering the course material more difficult for all students.

REQUIRED MATERIAL

Rosenbaum & Pearl, *Investment Banking: Valuation, Leveraged Buyouts, and Mergers & Acquisitions*, John Wiley & Sons, Inc. 2009

Calculator: Programmable financial model

Computer Proficiency: Knowledge of Excel is assumed

GRADING AND EXAMINATIONS

Class participation	10%
Valuation assignment	20%
Midterm exam (in class)	20%
Group project	20%
Final exam (time and location to be determined)	30%

Final grades are based on the student’s performance on the course evaluation items outlined above, weighted as set out above. Final grades also consider performance relative to other students. Notwithstanding the grading scheme detailed above, students who are absent for more than six classes (without a valid excuse, including proper notice and documentation as detailed below) will receive a grade of **F** in the course.

Ten percent of the final grade for the course will be based on participation (not merely attendance!) in classes. Students will need to contribute to class discussion and other in-class activities to earn participation marks. Participation must be “value-add” and related to the topic being discussed to earn marks (i.e. echoing another student’s or the instructor’s comments does not count as value-add). Examples of ways to earn participation marks include providing a relevant example or opinion on the topic being discussed or answering the instructor’s question. It is the responsibility of the student to have their nameplate on display so that the instructor can record their name when they participate in the class discussion. Participation marks can range from 0 to 1 for any particular class, with 0 being no participation, 0.5 being average/good contribution and 1 being outstanding contribution to the discussion.

For the valuation assignment, there will be a 10% penalty per day late for late assignments, unless it is due to legitimate reasons, in which case the same principles as outlined below apply (i.e. must provide advance notice and have suitable documentation).

Students who miss the midterm exam for legitimate reasons (medical, compassionate, academic conflict or university sports conflict) can apply to have the midterm grade weighting added to the weighting for the final exam (i.e. there will be no make-up exam). Conflicts with employers do not qualify as legitimate reasons to miss exams. In all cases of absence from the midterm exam, the instructor must be advised within 3 working days of the exam date and receive suitable documentation. **Students with valid medical excuses must complete and submit the “Medical Absenteeism Form” attached at the end of this syllabus. Both the student and the attending physician must sign this document otherwise the excuse will be deemed invalid.** Students who miss the midterm exam without a valid excuse will receive a mark of 0%.

For the group project, of the total 20% weighting, five percent (i.e. 25% of the grade for the project) will be based on the group’s self-evaluation of its members’ participation, to encourage active participation in the project, including preparation, drafting of the ‘pitchbook’ and the oral presentation in class. Notwithstanding the foregoing, if warranted, the instructor reserves the right to assign differential grades to students in the group.

Students are reminded that they must remain available for the entire final exam period. Students who miss the final exam must apply to the Undergraduate Program Office in the faculty for possible deferred examination privileges.

Formula sheets will **not** be provided for either of the midterm or final exams. Instead, students are permitted to bring in one 8.5” x 11” sheet of paper on which they can write **ONLY FORMULAE**. Improper formula sheets will be confiscated; offending students will be allowed to complete the exam without any formula sheet. After the exam, offending students will be referred to the Dean’s office on a violation of academic integrity.

Any student who, because of a disability of any kind, may require some special arrangements in order to meet course requirements should contact either Disability Services at 474-6213 or the instructor as soon as possible to make the necessary accommodations.

TENTATIVE COURSE OUTLINE

The outline below is tentative and subject to change based on factors such as learning progression, guest speakers and unforeseen circumstances. It is the **student's responsibility** to read the assigned material **prior** to the relevant class.

Class #	Description	Assigned Reading
1	Introduction and Course Summary	
VALUATION		
2	Approaches to Valuation	Introduction
3, 4	Comparable Companies Analysis	Chapter 1
5	Precedent Transactions Analysis	Chapter 2
6 - 8	Discounted Cash Flow Analysis	Chapter 3
9 - 11	Leveraged Buyout Analysis	Chapters 4, 5
Valuation Assignment Due (date TBD)		
FINANCING		
12 - 14	Public Equity Financing	Handouts
15, 16	Debt Financing	Handouts
Midterm Exam (in class #17)		
MERGERS & ACQUISITIONS		
18, 19	Sell-side Mandates	Chapter 6
20	Buy-side Mandates	Handouts
21 - 23	Group Presentations	
24	Guest Speaker	
25	Review and Course Summary	
Final Exam (date TBD)		

ACADEMIC INTEGRITY

It is critical to the reputation of the I. H. Asper School of Business and of our degrees, that everyone associated with our faculty behaves with the highest academic integrity. As the faculty that helps create business and government leaders, we have a special obligation to ensure that our ethical standards are beyond reproach. Any dishonesty in our academic transactions violates this trust. The University of Manitoba Undergraduate Calendar addresses the issue of academic dishonesty under the heading “Plagiarism and Cheating.” Specifically, acts of academic dishonesty include, but are not limited to:

- using the exact words of a published or unpublished author without quotation marks and without referencing the source of these words
- duplicating a table, graph or diagram, in whole or in part, without referencing the source
- paraphrasing the conceptual framework, research design, interpretation, or any other ideas of another person, whether written or verbal (e.g. personal communications, ideas from a verbal presentation) without referencing the source
- copying the answers of another student in any test, examination, or take-home assignment
- providing answers to another student in any test, examination, or take-home assignment
- taking any unauthorized materials into an examination or term test (crib notes)
- impersonating another student or allowing another person to impersonate oneself for the purpose of submitting academic work or writing any test or examination
- stealing or mutilating library materials
- accessing tests prior to the time and date of the sitting
- changing name or answer(s) on a test after that test has been graded and returned
- submitting the same paper or portions thereof for more than one assignment, without discussions with the instructors involved

Group Projects and Group Work

Many courses in the I. H. Asper School of Business require group projects. Students should be aware that group projects are subject to the same rules regarding academic dishonesty. Because of the unique nature of group projects, all group members should exercise special care to ensure that the group project does not violate the policy on Academic Integrity. Should a violation occur, group members are jointly accountable unless the violation can be attributed to a specific individual(s).

Some courses, while not requiring group projects, encourage students to work together in groups (or at least do not prohibit it) before submitting individual assignments. Students are encouraged to discuss this issue as it related to academic integrity with their instructor to avoid violating this policy.

In the I. H. Asper School of Business, all suspected cases of academic dishonesty are passed to the Dean’s Office in order to ensure consistency of treatment.

UNIVERSITY OF MANITOBA
I.H. Asper School of Business
Medical Absenteeism Form

Student Identification: (please print clearly)

Last Name First Name Middle Initial U of M Student Identification Number

I hereby authorize _____ to verify with the attending physician or his/her
(Name of Instructor/Administrator)
staff or colleagues that the contents of this form are true.

Student's Signature Date

To be completed by the attending physician: (after the above section is completed)

Physician's Last Name (please print clearly) Physician's First Name Middle Initial

Street Address City, Province Postal Code

Telephone Number Fax Number

To the attention of the physician: Your evaluation of the student's condition is being used for the purpose of determining whether or not the student has a valid reason to miss an important exam or assignment. Your professional evaluation is necessary to ensure that only valid cases are excused.

I certify that the nature of the student's condition is severe enough to prevent the student from taking an exam or completing an assignment. If requested, my associates or I will verify for the above-named instructor/administrator that this information is accurate.

The student's condition will likely span the following dates: _____
(indicate start date)

until _____
(indicate end date)

Physician's Signature Date

Notes to physician:

- Please make a note in the student/patient's file indicating that the student has given the above-named instructor/administrator permission to verify with you, your staff, or your colleagues, that the information contained on this form is correct. Thank you for your professional evaluation of this student's condition.
- **PLEASE ATTACH THIS FORM TO YOUR REGULAR OFFICE STATIONERY THAT INDICATES THE STUDENT VISITED YOUR OFFICE.**

Note to student:

- **The use of this form is at the option of the student. However, in order to obtain an excused absence for an assignment or exam, the student must obtain a doctor's certification that the student's condition is severe enough to prevent the student from taking the exam or completing the assignment.**
- **It is NOT SUFFICIENT to provide a note that only indicates the student visited the doctor's office.**