

**FIN 7020 (G01/A01) (3.0 CH)
CORPORATE FINANCE
WINTER 2023**

INSTRUCTOR

Name: Zhenzhen Fan	Office Location: 454 Drake
Phone: (204)-914-0557	Office Hours: After class as needed or by apt.
Fax:	Class Room: 530 Drake
Email: Zhenzhen.fan@umanitoba.ca	Class Time: Mondays, 6:15 – 9: 30 pm

COURSE DESCRIPTION

This course is an introduction to corporate finance regarding the allocation & acquisition of funds. Topics include: discounted cash flows, capital budgeting, financial instruments, cost of capital, risk-return trade-offs, market efficiency, capital structure and the use of derivatives.

Prerequisite: MIS 5110 IT Seminar (IT Boot Camp), MSCI 5100 Math for Management (Quantitative Boot Camp) plus one of ACC 7010 (formerly ACC 6050 or 009.605) or FIN 7120 (formerly IDM 7720). Not to be held with either of the former 009.607 or FIN 6070.

This course introduces students to the fundamentals of finance and presents theories and tools to be used in addressing corporate finance problems and issues. Whether you work for a corporation, are a financial manager of a firm, or are an outside investor, you will need to make decisions that will have a financial impact. In order to make optimal financial decisions, you will need to generate information about opportunities and choose the ones that generate the greatest benefits in comparison to the costs. These are the fundamental concepts underlying much of the course, "Corporate Finance".

COURSE OBJECTIVES

On course completion, you should be able to:

- Comprehend financial markets & securities and their importance to economic well-being
- Apply time value of money concepts
- Analyze capital budgeting problems
- Synthesize debt & equity valuation with market efficiency and the law of one price
- Apply risk and return relationships
- Evaluate capital structure

- Apply options, futures, and forwards

COURSE MATERIALS

1. Textbook: Berk, Demarzo, Stangeland. 2019. Corporate Finance, Fifth Canadian Edition. Pearson Canada.

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New textbooks are available through the University of Manitoba Bookstore. The option to instead purchase a Pearson e-text is also available through the textbook website at www.pearson.com/mylab. Earlier versions of this book are also acceptable.

An access code will be required to register for the portion of the course which uses the textbook's companion website, MyLab Finance. An access code is included with the purchase of a new textbook (hardcopy or Pearson eText). Please see UM Learn for further details on how to register and enroll in your MyLab Finance course.

Students using used textbooks (which might not come with an unused code) need to purchase a MyLab Finance code separately on the internet by completing the following steps:

1. Go to www.pearson.com/mylab
2. Click on Student in the 'Register Now' section of the website.
3. Click on OK! Register now.
4. Enter the Course ID (**fan40772**) in the space provided and click Continue.
5. Follow the steps and either Sign in (if you already have an account) or Create a Pearson Account (if you have never done this before). You will eventually be prompted to buy the code, and you will be on your way to successfully registering for MyLab Finance.

2. Ability to do financial calculations using Excel. Alternate financial calculators are acceptable as long as they include all of the following functions: IRR, NPV, keys for individual cash-flow entry and multiple cash-flow entry, and PV, PMT & FV keys for annuities and bonds. You should be capable of displaying at least 8 decimal places for any calculation and you should set your calculator so it always displays all decimal places.

COURSE ASSESSMENT

Student progress will be assessed through:

- MyLab Finance Homework Assignments (worth 30%)
- Bloomberg Assignments (worth 10%)
- Midterm Exam (worth 25%)

		Ch 2: Introduction to Financial Statement Analysis (Self-Study)
		Ch 3: Arbitrage & Financial Decision Making (Omit 3.7)
		Ch 3A.2 (online): Using Primitive Securities to Solve for Price
		MyLab Finance: Assignment 1: Ch 1, 2, 3 Questions
May 8	Lectures:	Ch 4: The Time Value of Money Ch 5: Interest Rates Ch 24: Debt Financing (Self-Study: ignore the math)
		MyLab Finance: Assignment 2: Ch 4, 5, 24 Questions
May 15	Lectures:	Ch 6: Valuing Bonds Ch 6A: Forward Interest Rates
		MyLab Finance: Assignment 3: Ch 6 Questions
May 19	Workshop (6:30 – 8:30 pm):	Ch 4, 5, 6: Time Value of Money
May 29	Lectures:	Ch 7: Valuing Stocks Ch 8: Investment Decision Rules
		MyLab Finance: Assignment 4: Ch 7 & 8 Questions
June 2	Workshop (6:30 – 8:30 pm):	Pre-midterm review
June 4	Midterm Exam (2 – 5 pm):	Covers all chapters and topics up to May 29, including assigned reading chapters.
June 5	Lectures:	Ch 9: Fundamentals of Capital Budgeting (Omit 9.5)
		MyLab Finance: Assignment 5: Ch 9 Questions
June 12, 19	Lectures:	Ch 10: Capital Markets and the Pricing of Risk Ch 11: Optimal Portfolio Choice & CAPM (Omit: 11.6) Ch 12: Estimating Cost of Capital (Omit: 12.5, 12.6, only WACC from 12.7)
		MyLab Finance: Assignment 6: Ch 10, 11, 12 Questions
June 26	Lectures:	Ch 14: Financial Options (Omit: “Returns for holding an option to expiration” from 14.2)
		(Omit: 14.5)
		MyLab Finance: Assignment 7: Ch 14 Questions
July 10, 17	Lectures:	Ch 17: Capital Structure in a Perfect Market Ch 18: Debt & Taxes Ch 19: Financial Distress, Managerial Incentives, & ...
		MyLab Finance: Assignment 8: Ch 17, 18, 19 Questions
July 24	Lectures:	Ch 30: Risk Management (Omit: 30.3-30.4) Guest lecture TBA
		MyLab Finance: Assignment 9: Ch 30 Questions

July 28 Workshop (6:30 – 8:30 pm): Pre-final review

July 30 Final Exam (2:00 – 5:00 pm): covers all chapters and topics in the course including assigned reading chapters.

We may opt to move certain lectures to Zoom, subject to various factors, including but not limited to: recording the lecture for future reference, demonstrating financial calculations through Excel, and accommodating the availability of the guest lecturer.

ACADEMIC REGULATIONS AND STUDENT SERVICES

HUMAN ETHICS APPROVAL FOR DATA COLLECTION

As part of coursework, if you will be collecting data from people who are not students in this class, you must obtain Human Ethics approval from the UofM's Research Ethics Board (REB) prior to data collection. This applies to data collection such as surveys, interviews, focus groups, experiments, video recording, etc., where a respondent is solicited for participation.

If the entire class will be working on the same project, your instructor will apply for human ethics approval from the REB. If individuals or small groups of students will be working on different projects, it is the responsibility of the students to obtain approval (only one group member needs to apply). Your instructor will tell you whether s/he will be or you need to. **When in doubt, please talk to your instructor.**

Instructions and forms to apply for human ethics approval can be found at:

<http://umanitoba.ca/research/orec/ethics/guidelines.html>

In most cases, you will be using the "Protocol Submission Form" which is under the "REB Forms - Fort Garry Campus" heading.

It can take up to six weeks to process human ethics applications and obtain approval. Therefore, plan early. Note that approval must be obtained prior to data collection and cannot be obtained during the data collection phase or retroactively. Violation can get you, your instructor, and the Asper School in serious trouble with the REB.

The following do not require REB approval:

- a) Projects where students are conducting the research on themselves during class time;
- b) Projects involving the use of records or information that is in the public domain, including the use of anonymous secondary data and surveys or questionnaires that have already been published;
- c) Projects involving the use of naturalistic observation where there is no reasonable expectation of privacy (i.e. public park).
- d) Practicum or job training projects where students are fully integrated into the organization's operational practices and are not conducting research;

- e) Projects where the intent is to use the information to provide advice, diagnosis, identification of appropriate interventions or general advice for a client;
- f) Projects where the intent is to develop skills which are standard practice within a profession (e.g. observation, assessment, intervention, evaluation, auditing); or
- g) Projects where the information gathering processes are part of the normal professional relationship between the student and the participants.

If you have any questions, please contact humanethics@umanitoba.ca or your instructor.

UNCLAIMED ASSIGNMENT POLICY

Pursuant to the FIPPA Review Committee’s approved recommendations of August 15, 2007, all unclaimed student assignments will become the property of the faculty and will be subject to destruction six months after the completion of any given academic term.

STUDENT SERVICES AND SUPPORTS

The University of Manitoba provides many different services that can enhance learning and provide support for a variety of academic and personal concerns. You are encouraged to visit the below websites to learn more about these services and supports. If you have any questions or concerns, please do not hesitate to contact your instructor or the Graduate Program Office.

For Information on...	...follow this link
Course Outlines, Year-at-a-Glance, Concentrations, Textbooks, VW Dates and Final Exams	Asper Graduate Student Resources
Exam Rescheduling Policy - <i>Please refer to Missing a Test/Exam on page 18 of the MBA Student Handbook</i>	MBA Student Handbook
Help with research needs such as books, journals, sources of data, how to cite, and writing	Library Resources
Tutors, workshops, and resources to help you improve your learning, writing, time management, and test-taking skills	Writing and Learning Support
Support and advocacy for students with disabilities to help them in their academic work and progress	Student Accessibility Services
Copyright-related questions and resources to help you avoid plagiarism or intellectual property violations	Copyright Office
Student discipline bylaws, policies and procedures on academic integrity and misconduct, appeal procedures	Academic Integrity
Policies & procedures with respect to student discipline or misconduct, including academic integrity violations	Student Discipline
Students’ rights & responsibilities, policies & procedures, and support services for academic or discipline concerns	Student Advocacy

Your rights and responsibilities as a student, in both academic and non-academic contexts	Your rights and responsibilities
Full range of medical services for any physical or mental health issues	University Health Service
Information on health topics, including physical/mental health, alcohol/substance use harms, and sexual assault	Health and Wellness
Any aspect of mental health, including anxiety, stress, depression, help with relationships or other life concerns, crisis services, and counselling.	Student Counselling Centre
Support services available for help regarding any aspect of student and campus life, especially safety issues	Student Support Case Management
Resources available on campus, for environmental, mental, physical, socio-cultural, and spiritual well-being	Live Well @ UofM
Help with any concerns of harassment, discrimination, or sexual assault	Respectful Work and Learning Environment
Concerns involving violence or threats, protocols for reporting, and how the university addresses them	Violent or Threatening Behavior

ACADEMIC INTEGRITY

I.H. Asper School of Business, The University of Manitoba

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 misconduct in our academic transactions violates this trust. The University of Manitoba Graduate Calendar addresses the issue of academic misconduct under the heading "Plagiarism and Cheating." Specifically, acts of academic misconduct 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.

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 misconduct. Because of the unique nature of group projects, all group members must exercise extraordinary care to insure that the group project does not violate the policy on Academic Integrity. Should a violation occur on a group project, all group members will be held jointly accountable, no matter what their individual level of involvement in the specific violation.

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 relates to academic integrity with their instructor to avoid violating this policy.

In the I. H. Asper School of Business, all suspected cases of academic misconduct involving a graduate student (i.e. MBA, MFin, MSCM, MSc or PhD student) will be reported directly by the instructor to the Dean of the Faculty of Graduate Studies.

FACULTY BIOGRAPHY

I.H. Asper School of Business, The University of Manitoba

Name: Zhenzhen Fan

Department of Accounting and Finance

I.H. Asper School of Business

Zhenzhen Fan conducts research in finance, including theoretical and empirical asset pricing, derivatives, textual analysis, and behavioral finance. Her current work explores the “model-free” approach in asset pricing based on information implied from financial derivatives. Her recent papers try to build model-free, forward-looking, and tradable factors from options to better understand the behavior of the underlying equity and foreign exchange market. Zhenzhen has presented her work at numerous conferences including AFA, CICF, EFA, etc. and her work has been published in the *Journal of Financial and Quantitative Analysis* and *Journal of Financial Economics*.

Zhenzhen has a Ph.D. in Quantitative Finance from the University of Amsterdam (the Netherlands). She has an MSc degree in Quantitative Finance and Actuarial Science from Tilburg University (the Netherlands) and a Bachelor’s degree in Finance from Shanghai University (China).