

Financial Management, FIN6500
College of Business Administration, UMSL
Spring 2022

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Virtual office hours: Mar.16, March. 23, Apr. 6, Apr.13, Apr.20, Apr. 27, May 4 (Wednesday:
8pm-9pm)

The zoom session is not mandatory but you are encouraged to attend and please keep your camera open. You earn an extra credit up to 1 point per session.

Welcome

Welcome to our FIN6500 Financial Management class! This course will introduce you to the fundamental tools and theories of corporate financial decision-making.

The primary purpose of this course is to examine the process of valuation of real and financial assets by focusing on application of concepts and analytical problem-solving techniques. We will investigate important issues facing corporations, including Capital Budgeting (investment decisions) and Capital Structure and Dividend Policy (financing decisions), as well as related topics including time value of money, the NPV rule, valuation of bonds and stocks, measuring and pricing of risk (CAPM), the application of CAPM to project selection, and capital market efficiency, etc. Besides covering basic tools and techniques, the class stresses the role of the financial manager in analysis and decision-making. Conceptual skills for lifelong learning experiences are emphasized. This course employs a lecture with discussions, exercises, quizzes and a course project.

Instructor Bio

I hold a Ph.D. from the University of California at Irvine, a M.S. degree in International Finance from Fudan University, China and a B.A. degree in International Finance from Nankai University. At the University of Missouri- St. Louis, I was an Assistant Professor from 2005 to 2011, and an Associate Professor from 2011 to 2016. Since 2016 I am a Finance Board Scholar and a Professor of Finance. I have taught International Financial Management course for 14 years. I won the Anheuser-Busch Teaching Award. My research includes credit risk and credit derivatives, empirical corporate finance, and international finance. I published over 35 papers in leading finance and international business journals, including *Journal of Finance*, *Journal of Financial Economics*, *Journal of International Business Studies*, *Review of Finance*, *Journal of Money, Credit and Banking*, *Journal of Empirical Finance*, *Financial Management*, *Journal of*

Banking and Finance, Journal of International Money and Finance, etc. I was ranked top 43 among 1400 finance faculty nationwide in terms of productivity in 2014. My google scholar citation is over 2800. I received research awards from the FDIC Center for Financial Research, Univ. of Missouri at St. Louis, Univ. of California at Irvine, and Fudan University and teaching award from Univ. of Missouri at St. Louis. My papers were presented at high-profile finance conferences including NBER, AFA, WFA, FDIC, OCC, Bank of Canada, CDIC, European Central Bank, Bank of Finland, etc. I served as a referee for over 40 journals and grants in the U.S. and abroad. I am married with two boys and a girl.

UMSL Bulletin Description:

This course provides an in-depth analysis of corporate finance including asset pricing, risk and return, short- and long-term investment decisions, capital structure choices, dividend policy, derivatives, mergers and acquisitions, and a host of other current topics. The material is taught through lectures and problem solving. (Prerequisites: ACCTNG 5400 or ACCTNG 2400, SCMA 5300 or SCMA 3300, and BUS AD 5000 or ECON 1001 and ECON 1002.)

Course Objective:

This is an introductory MBA finance course. The primary purpose of this course is to examine the process of valuation of real and financial assets by focusing on application of concepts and analytical problem-solving techniques. We will investigate important issues facing corporations, including Capital Budgeting (investment decisions) and Capital Structure and Dividend Policy (financing decisions), as well as related topics including time value of money, the NPV rule, valuation of bonds and stocks, measuring and pricing of risk (CAPM), the application of CAPM to project selection, and capital market efficiency, etc.

The overall goal of teaching you to “think financially”. Students are expected to achieve the following course goals:

- Students will have a solid understanding of foundation in financial principles (agency problems, time value of money, risk and return tradeoff, valuation, capital budgeting, cost of capital, capital structure, dividend policy, etc.)
- Students will develop analytical and problem-solving skills. You will be able to apply relevant mathematical formulas, theoretical models and statistical techniques to conduct financial analysis. You will be comfortable with the use of financial calculators and understand the formulas that are programmed into the calculators.
- Students will understand financial markets and the environment within which companies must compete, obtain resources, and make investment decisions.
- Students will be able to use financial concepts and principles to make an overall assessment and analysis of the financial condition and performance of a corporation, compare costs and benefits associated with various types of decisions, analyze financial decisions to choose the “best” course of action, and weave that into a prediction for the

future success of the company.

Required Text:

Corporate Finance, 12th Edition, by Stephen A. Ross, Randolph W. Westerfield, Jeffrey Jaffe and Bradford Jordan, Irwin McGraw-Hill, 2012 (ISBN: 9781260560190)

Required:

A financial calculator (HP12C) is required starting from the second week. You will need the calculator for class, exercises and quizzes. We will learn some functions such as: Time value of money basics, Bond prices and yields, Interest rate conversions, Cash flow analysis – NPV, Cash flow analysis – IRR. You may use other financial calculators that have the same functions. But you are responsible for learning their functions using the manual on your own.

Recommended Readings:

Regular outside readings will enhance the understanding of the subject, and it is highly recommended. Students are encouraged to read the following regularly:

Newspapers: *The Wall Street Journal*; *New York Times*; *BusinessWeek*; *Financial Times*

Magazines: *The Economists*; *Euromoney*; *Business Week*; *The Far Eastern Economic Review*

UMSL has purchased campus subscriptions for both *the Wall Street Journal* and *the New York Times*

Instructions to log in using your UMSL information can be found [here](#). It can easily be accessed via computers, phones & tablets.

Course Page:

We will be providing all course related items (syllabus, lecture notes, assignments, announcements etc.) on [Canvas](#).

Time Requirements:

This course is on an eight-week accelerated schedule. If this course were offered on campus, you'd be in class 5 hours/week plus travel time. The online version is no different in terms of expectations for your involvement. This is an active online course that requires you to read the required materials, watch the narrated PPT lectures, and complete the assignments. That means that you need to plan to spend a minimum of 12 hours every week (up to 20 hours a week) on activities related to this course. If you are worried about your preparedness, consider taking the [Online Readiness Survey](#) to help decide if an online course is right for you.

Technology Requirements:

As a student in online course, you are expected to have reliable internet access almost everyday. If you have computer problems, it is your responsibility to address these or to use campus

computing labs. Problems with your computer or other technology issues are not an excuse for delays in meeting expectations and missed deadlines for the course. If you have a problem, get help in solving it immediately. At a minimum, you will need the following software/hardware to participate in this course:

1. Computer with an updated operating system e.g., Windows, Mac, Linux)
2. Updated Internet browsers (Apple Safari, Google Chrome, Mozilla Firefox)
3. Ability to navigate Canvas
4. DSL or Cable internet connection or a connection speed no less than 6 mbps.
5. Media player such as VLC Media Player.
6. [Adobe Flash player \(free\)](#)
7. [Adobe Reader or alternative PDF reader \(free\)](#)
8. [Oracle Java plugin \(free\)](#)
9. [Microsoft Silverlight plugin \(free\)](#)
10. A **microphone** is required and a **webcam** is preferred

How this course works:

This course is divided into eight modules. I have recorded lectures using audio comments slide by slide via Voicethread. You may download PPT files by right clicking on any slide on Voicethread and then clicking ‘Download the original media’. You are expected to read the textbook, listen to the pre-recorded PPT lecture notes, and complete assignments. The Overview page at the beginning of each module will give you an outline of the activities you need to complete. You’ll learn that there is a rhythm and a wide range of time during which you can complete those activities, as I know you have a complicated work/life schedule already. Please plan to complete assignments as early as you can, though, to allow for any complications you may encounter submitting your work.

This course is delivered using an asynchronous model. This means that each module offers you some flexibility within which to work. There are deadlines, however, and this is not a self-paced course. Because of the nature of the group discussions and projects, you cannot work ahead without the rest of the class. I believe strongly in social constructivism as we experience this course.

Instructional methods used in this course include lectures, online discussions, course projects, presentations, and peer reviews. Expect responses to your email within 48 hours, though I usually respond within 24 hours.

Course Policies:

Attendance Policies

- *Present* in class for online courses is determined by participation in an “academically related activity,” i.e. submission of an assignment, assessment or discussion forum posting. The last day of attendance is the last day a student is academically participating in the online course.
- Documentation that a student has logged into an online class is not sufficient by itself to demonstrate academic attendance.

Participation (expectations)

It is vitally important that our classroom environment promote the respectful exchange of ideas. This entails being sensitive to the views and beliefs expressed during discussions online.

- I will not respond to each discussion post but will be monitoring each discussion. I urge you to think critically about what you and others are discussing. I will reply to questions if you have any.
- Your success in this course will heavily depend on your ability to communicate, engage and participate in all course activities. Successful completion of this course requires that a student keep up with all coursework, assignments and discussions. Timely submission of assignments and participation in online discussions are very important parts of this course and participation in these discussions, and other activities as assigned, is not optional. You are expected to prepare and post to discussions in a timely manner consistent with the requirements contained within the course syllabus and discussion rubrics. If you are unable to participate in the scheduled class activity or discussions you must notify the instructor within the week of that class module or discussion. **An unexcused failure to engage or participate with the class will be counted as an absence; unexcused absences may result in failure.** The instructor reserves the right to make judgment to accept and/or make-up assignments missed because of failed participation in the course activities.

Online Discussion Protocol

- Participation in the course should maintain a positive work and learning environment, as outlined in the UMSL [Student Planner](#).
- You should plan to participate in discussion during the week, rather than bunched at the end of each week. (See Discussion Rubric at the end of this syllabus.)
- Your postings should be a minimum of three sentences, or one short paragraph. Please feel free to include links to articles, videos, or any other material that supports your post and will be interesting to your colleagues.
- Avoid short postings, for instance, “I agree,” unless accompanied by supporting statements from the readings or prior knowledge (including that derived from work and life experiences).

- Ask questions; challenge other postings that appear to lack supporting evidence or present incorrect information.
- Encourage further discussion by building on current threads.
- Check your postings for responses from others and respond in a timely fashion.
- Use proper “netiquette.”

Grades:

There are NO exams in this course. However, each of the main topics covered is associated with a week-long module. The modules will include textbook readings, narrated PPT lectures, quizzes, and project assignments. There will be a quiz each week except the last week. Due dates are provided for every assignment and discussion board; generally, each week’s activities should be completed by 11:59 pm (Central Time) Sunday each week. Each graded item has the following assigned points.

Types	Percentage
Module 1 Discussion: Introduce yourself	4%
Module 1 Submit group project student and topic list	3%
Module 1 Assignment	5%
Module 2 Assignment	5%
Module 3 Assignment	5%
Module 4 Assignment	5%
Course project paper (part 1)	12%
Module 5 Assignment	5%
Module 6 Assignment	5%
Module 7 Assignment	5%
Course project paper (part 2)	18%
Course project presentation	20%
Peer review of course project presentation	8%
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Total	100%
Extra credit:	
Zoom session participation (1% per session)	8%
Course evaluation	1%

GRADING SCALE

Grade	Percentage
A range	93-100
A- range	90-92
B+ range	87-89
B range	83-86
B range	80-82
C+ range	77-79
C range	73-76
C- range	70-72
D range	60-69

Letter grades will be based on the final total points. Plus and minus grades will be given. In marginal cases I intend to reward high quality (consistent, constructive and contributory) class participation.

"Make-up or extra work" to improve your grade is *not* possible. Your final letter grade is determined solely by your scores on the tests, the course project, and my evaluation of your class participation. No special considerations concerning your general academic situation can be offered. The final grade in the course, once assigned, will not be changed except in the event of a recording error.

Zoom Session Participation:

You can earn extra credit of up to 6 points by attending the zoom sessions (see the first page for details of meeting time). These sessions aim to provide help for your assignments, questions, projects, and discussion of current events, etc.

Quizzes and discussion:

There will be seven quizzes and one discussion. You are expected to receive your grades for assignments **in a week** or shorter after the due day.

Course Project & Presentation:

(Please refer to course project instruction for details of complete instruction). The course project includes Part 1 and Part 2 writing assignments and the final group project presentation. For the course project, **five** persons form a group on your own. Each group should submit a 25-30 page paper that comprehensively analyzes various financial aspects of a company that you choose. This firm should be one whose common stock is publicly-traded (i.e., it is traded on the New York Stock Exchange or on NASDAQ), an industrial firm (i.e., utility and financial firms are excluded), has dividend payout history for at least 7 years, and is of interest to you as a current or

prospective employee, (potential) investor, or vendor.

For the project, you will be evaluating the performance of the firm's management team, as reflected in their decisions and the resulting financial performance. With respect to the latter, you will be considering primarily its financial statements and the performance of its securities. You will also calculate and discuss the firm beta, cost of equity using CAPM, your estimated price/share of the company using dividend discount model, weighted average cost of capital (WACC) of the firm, and evaluate the firm's capital structure and dividend payout policies.

You may wish to investigate several firms using information from finance.yahoo.com(public source), the WRDS database (Compustat and CRSP) (available at College of Business by request), CapitalIQ database or the Morningstar Investment Research database (both available thru the UMSL library) before choosing one.

Please make sure that you credit works you have cited and used for your project report. Late submission will be given serious penalty. For the written homework assignments, please run it thru Turnitin (available through [the UMSL Writing Center](#)) and download the submission report. Your goal is to have a "green" score.

Your group should prepare 20-25 PPT slides and make a 20 minute presentation of your course project using Voicethread with **video** comments.

How to receive Canvas Messages:

Please update your Canvas notification settings to receive the following types of communications by email. Have a green check mark next to the following Notification Preferences:
<https://umsl.instructure.com/profile/communication>

- Announcement
- Announcement Created By You
- Added to Conversation
- Conversation Message
- Conversation Message by You

You may choose preferences for other course activities as you wish.

How to Succeed in This Course

Watch the lecture slides and video: After you listen to the lecture, you should have a comfortable understanding of the major points that we made, and the purpose of each example worked.

After class: Do the detailed reading of the chapter. Pay particular attention to the examples,

graphs and other aids that make the major points of the chapter. Then, attempt the questions and problems that I assign. Regular readings each week is important.

Ask yourself such questions as:

What is the purpose of this concept or formula?

Why is it important?

How does the instructor or the author demonstrate its importance?

How does it "fit" with what you have studied thus far in this course, in your other courses and in the real world?

Some topics that are very important are covered in great detail, while others will only be reviewed briefly due to time constraint. The Powerpoint slides and my audio-recorded comments contain important points in this course. Use them as a guide for your studying efforts. You should thoroughly work through the questions and problems associated with each topic. Working the problems ensure you truly understand the processes they illustrate.

Academic Integrity/Plagiarism

Our conduct in this course will be consistent with the Student Conduct Code. Please read it and pay particular attention to the section on academic honesty. There are serious consequences including failing grade and additional sanctions for engaging in unethical conduct.

- You are responsible for being attentive to and observant of University policies about academic honesty as stated in the University's Campus Policies and Procedures in the [Triton Manual](#) (p. 30)
 - Academic dishonesty is a serious offense that may lead to probation, suspension, or dismissal from the University. One form of academic dishonesty is plagiarism – the use of an author's ideas, statements, or approaches without crediting the source. Academic dishonesty also includes such acts as cheating by using any unauthorized sources of information and providing or receiving unauthorized assistance on any form of academic work or engaging in any behavior specifically prohibited by the faculty member (e.g., copying someone else's answers on tests and quizzes). Unauthorized possession or distribution of academic materials is another type of academic misconduct. It includes the unauthorized use, selling or purchasing of examinations or other academic work, using or stealing another student's work, unauthorized entry or use of material in a computer file, and using information from or possessing exams that an instructor did not authorize for release to students. Falsification is any untruth, either verbal or written, in one's academic work. Facilitation is knowingly assisting another to commit an act of academic misconduct.
Plagiarism, cheating, and falsification are not acceptable.

- All instances of academic dishonesty will be reported to the Office of Academic Affairs who will determine whether you will appear before the Student Conduct Committee for possible administrative sanctions such as dismissal from the university. The instructor will make an academic judgment about the student's grade on that work in this course. The campus process regarding academic dishonesty is [described in the "Policies" section of the Academic Affairs website.](#)

Access, Disability and Communication

Your academic success is important. If you have a documented disability that may have an impact upon your work in this class, please contact Disability Access Services (DAS) immediately. Students must provide documentation of their disability to the office of Disability Access Services in order to receive official University services and accommodations. The staff is available to answer questions regarding accommodations or assist you in your pursuit of accommodations. Information about your disability is confidential. Once DAS reviews your medical documentation, they will provide you with the information and steps to inform me about the accommodations to which you are entitled. Your accommodations will begin as soon as we discuss your approved accommodations.

- 144 Millennium Student Center
- Phone: (314) 516-6554
- [Email](#)
- [Website](#)

Resources

Technical Support

The Online Mentor Program is here to help you with the online learning environment. The mission is to support online students to enhance their learning experience, develop strategies for academic success, and assist with course navigation. The **Online Mentor Program** is housed in the Center for Teaching and Learning

- 598 Lucas Hall
- Phone: (314) 516-4211
- [Email](#)
- [Website](#)

Canvas

If you have problems logging into your online course, or an issue within the course site, please contact the **Technology Support Center**:

- Phone: (314) 516-6034
- [Email](#)
- [Website](#)

If you are having difficulty with a technology tool in Canvas, consider visiting the [Canvas Student Guides](#), which has overviews of each tool and tutorials on how to use them.

VoiceThread

- [Online Contact Form](#)
- [Website](#)

Academic Support

The Online Writing Center

At the OWC Canvas site, students can send their papers to our tutors, who will read them and send them back with suggestions. Students can also access Turnitin, which identifies quoted material in their essays.

- 222 Social Sciences and Business Building (SSB)
- [Website](#)
- Visit the OWC page on Canvas to submit drafts online.
- The OWC usually responds within 48 hours. Please allow ample time.

Math Academic Center (Math Lab)

The Math Academic Center offers free individual assistance on a walk-in basis to students needing help with any mathematics from basic math through calculus or any course involving mathematical skills.

- 222 Social Sciences and Business Building (SSB)
- [Website](#)

Online Class Netiquette/behavior

- **Be self-reflective** before you post an emotional response and reread what you have written to be sure it is positive. Think of your comments as printed in the newspaper. Your online comments will be seen, heard and remembered by others in the class.
- **Use effective communication.**
 - Avoid the use of all caps or multiple punctuation elements (!!!, ??? etc).
 - Be polite, understate rather than overstate your point, and use positive language.
 - If you are using acronyms, jargon or uncommon terms, be sure to explain them so everyone can understand and participate in the discussion.
- **Ask for clarification** to a point if you feel emotional from a classmate's post. It is likely that you misunderstood his/her point. This strategy will also help you step away from the intensity of the moment to allow for more reflection.
- **Sign your name.** It is easier to build a classroom community when you know to whom you are responding.
- **Foster community.** Share your great ideas and contribute to ongoing discussions. Consider each comment you make as one that is adding to, or detracting from, a positive learning environment for you and your classmates.
- **Be constructive.** You can challenge ideas and the course content, but avoid becoming negative online. When you disagree politely you stimulate and encourage great discussion. You also maintain positive relationships with others with whom you may disagree on a certain point.
- **Keep the conversation on topic** by responding to questions, adding thoughtful comments about the topics at hand. Online dialogue is like conversation. If there is a particular dialogue going on, please add to it, but if you have something new to say, please post it in another thread.
- **Define your terms.** When using acronyms or terms that are particular to your field (or new to our course), please define them for others.

Course Schedule Outline

(subject to modification at the discretion of the instructor)

Module #	Lectures	Readings	Assignments	Course Project divided into Section
Module 1:	Lecture 1: Introduction Lecture 2: Financial Statements and Ratio Analysis	Chapter 1, 2, 3	Discussion: Introduce yourself Module 1 Quiz 1	Form your course project group, select a company for your project. Analyze financial manager's roles, goals and corporate governance.
Module 2:	Lecture 3: Time Value of Money Lecture 4: Financial Calculator	Chapter 4, Financial Calculator User's Manual	Module 2 Quiz 2	Evaluate financial performance using financial ratios.
Module 3:	Lecture 5: NPV and other Investment Criteria Lecture 6: Making Capital Investment Decisions	Chapter 5, 6	Module 3 Quiz 3	Examine your project firm's capital budgeting decisions.
Module 4:	Lecture 7: Valuation of Bonds Lecture 8: Valuation of Stocks	Chapter 8, 9	Module 4 Quiz 4	Understand the firm's bonds outstanding (rating, price, coupon rates, etc.) Complete the first part of course project
Module 5:	Lecture 9: Risk and Return Lecture 10: Portfolio Theory & CAPM	Chapter 10, 11	Module 5 Quiz 5 Course project (part 1) due	Calculate beta for the firm's equity and cost of equity using CAPM. Estimate stock price using the dividend discount model.
Module 6:	Lecture 11: Risk, Cost of Capital, and Capital Budgeting Lecture 12: Market Efficiency	Chapter 13, 14	Module 6 Quiz 6	Compute the firm's WACC. Discuss relevance of efficient market hypothesis for your firm's stock.
Module 7:	Lecture 12: Capital Structure Lecture 13: Dividend Policy	Chapter 15, 16, 17, 19	Module 7 Quiz 7	Analyze the capital structure and dividend policy of the company.
Module 8:	Course project submission and presentation		Course project (part 2) due PPT and presentation due	Complete the second part of the project, make PPT, and use Voicethread to present your project.