

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

INSTRUCTOR

Name: Jun Wang, PhD, FRM
Phone: 204-474-8347
Email: jun.wang@umanitoba.ca

Office Location: 650 Drake
Office Hours: After class as needed or by apt.
Class Room: 530 Drake
Class Time: G01/A01: Tuesdays, 6:15-9:30 pm

COURSE DESCRIPTION

The financial management of businesses including agency problems, valuation, capital budgeting, risk/return relationships, the term structure of interest rates, market efficiency, long-term financing, capital structure, and the use of options and futures for risk management. Prerequisite: MIS 5120 Spreadsheet Skills for Management, MSCI 5110 Basic Quantitative Analysis for Management, and FIN 7000 Managerial Economics.

COURSE OBJECTIVES

This course introduces students to the fundamentals of finance and presents theories and tools to be used in addressing corporate finance problems and issues.

INTENDED LEARNING OUTCOMES

- Comprehension of financial markets & securities and their importance to economic well-being
- Comprehension of the principal-agent problem, corporate governance, and the effects on valuation, markets, and society
- Application of time value of money concepts
- Analysis of capital budgeting problems
- Synthesis of debt & equity valuation with market efficiency and the law of one price
- Application of risk/return relationships
- Evaluation of capital structure and payout policies
- Application of options, futures, forwards, and insurance
- Evaluation of risk management alternatives

COURSE MATERIALS

A laptop (with Excel software) is required for this course and will need to be used in class, for the assignments and in the exam. You should have Solver installed in Excel as you will need to use it. Your laptop should be capable of accessing the University of Manitoba's learning management system, UM Learn, and operating under the Lockdown Browser embedded in UM Learn. A tablet (e.g., an iPad)

will not be sufficient. Exams will be written online on your laptop while in a monitored classroom via UM Learn using Respondus Lockdown Browser and Respondus Monitor. An Excel emulator will be used during this process to facilitate calculations. You should practice with the emulator so you are familiar how to use it prior to the exams.

Textbook: Berk, DeMarzo and Stangeland, *Corporate Finance* (5th Canadian Edition), Pearson Canada Inc., 2018. (ensure that you have an active MyFinanceLab key for this edition of the text)

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).

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: wang09385** 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.

COURSE ASSESSMENT

MyFinanceLab Assignments	30%
Bloomberg Assignments (individual and group components – groups of 4-6)	10%
Midterm Exam:	25%
Final Exam:	35%
Total:	100%

Final grades are based on the student's weighted mark and performance relative to other students. The following are the **tentative** grade cut-offs.

Grade	Cumulative Marks	GPA	Performance
A+	90-100	4.5	Excellent
A	80-89.99	4.0	Very Good
B+	75-79.99	3.5	Good
B	70-74.99	3.0	Satisfactory
C+	65-69.99	2.5	Marginal
C	60-64.99	2.0	Unsatisfactory
D	50-59.99	1.0	Unsatisfactory
F	49.99 and below	0.0	Unsatisfactory

These **tentative** cut-offs are subject to adjustment up or down depending on the relative performance of the current class compared to prior classes that have taken the course with the same instructor.

Notwithstanding marks in other components, students who receive less than 50% on the exams will be assigned a failing grade. Notwithstanding other marks, students who are absent (without a valid medical excuse with supporting written documentation) for 20% or more classes will also receive a failing grade.

Students are not allowed to miss an assignment or exam unless a valid medical excuse is provided. Students with valid medical excuses must get official written documentation to support their claim. There will be **no** make-up assignments or midterm. Those students who miss an assignment or the midterm and have a valid medical excuse will have the weight of that assignment or midterm added to the final exam. Those students who miss an assignment or the midterm without a valid medical excuse will receive a mark of 0% on that assignment or midterm.

Individual assignments will be due throughout the course using the MyLab software. Students must pay attention to the dates and times that assignments are available and may be submitted. Late assignments will not be accepted unless pre-approved.

FORMULA SHEETS

Formula sheets will not be provided for the midterm or final exams. Instead, for the midterm each student is permitted to bring in **one** standard sheet of paper (8.5 x 11 inches) on which he/she can write *anything* on both sides. For the final, each student may bring in an additional sheet of paper (8.5 x 11 inches) on which he/she can write *anything* on both sides. (Thus for the final, you may bring in a total of two sheets of paper.) Please note that after each exam, your formula sheet will be collected by the instructor for detailed examination. **NO word-processed or photocopied material is allowed on your formula sheet.** Improper formula sheets will be confiscated; offending students will be allowed to complete the exam without any formula sheet. You are only allowed to use your own formula sheet during the exams.

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, returning from breaks (if provided) on time, 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, Facebook posts, twitter posts, snapchats, dating sites, emails, etc. during class time. If you feel your classmates are not demonstrating professional conduct, please inform them and/or your instructor so that they have the opportunity to change. Unprofessional conduct is disruptive to the learning environment and makes mastering the course material more difficult for all students.

NOTE: Class attendance is required. Missing more than 20% of this course due to absence from lectures may result in a failing grade. It is your responsibility to inform your professor, in advance if possible, of your absence and the reason for it:

- 1) if **medical**, self-declaration form must be submitted for an illness lasting 5 consecutive days or less <https://umanitoba.ca/governance/governing-documents-students#self-declaration-for-brief-or-temporary-student-absences>, no later than 48 hours after the end of the brief

- absence; a medical note from your physician must be submitted for an illness lasting more than 5 days;
- 2) if a **work commitment**, a signed letter on letterhead from your supervisor is required in advance, noting clearly the date(s) you must be away for your work commitment(s);
 - 3) if for **student competitions**, an email from your Asper team coach must be received in advance indicating the dates you are away at competition.

The professor will then decide how to deal with the impact of the missed classes on your final grade.

TENTATIVE COURSE SCHEDULE

Classes take place on Tuesdays. The classes end at 9:30 pm. The schedule of classes and breaks is as follows. Adjustments may be made by the professor as needed to fit topics and discussion. The schedule below does not apply on the examination days.

6:15 - 9:30 pm		
18:15 - 20:00	Class time	1.75
20:00 - 20:15	Break	0.25
20:15 – 21:30	Class time	1.25
Total class time per day		3 hours
Total break time per day		0.25 hours

NOTE: Class attendance is required in the MBA program. Missing more than 20% of a course due to unexcused absences will result in an F. It is your responsibility to inform your professor in advance of your absence and the reason for it (medical documentation or employer note if away for a work commitment) is required.

You will find that the course starts with the basics but progresses very quickly. The material covered builds on earlier material. It is important to stay current in your studies; otherwise, you will not understand the new material as it is presented.

You must read the readings in advance of the relevant classes; you will have a much better chance of understanding the material as it is taught and attaining success in the class. It is the **student's responsibility** to read the assigned material **prior** to the relevant class.

Class	Topic	Required Pre-Reading Chapters
Class 1: Sept. 12	Introduction; Financial Markets, Corporate Governance, Present Value, and the Law of One Price (Students must read Chapter 2 on their own to refresh knowledge of accounting concepts. This background knowledge is assumed; it will not be covered in class.)	1, 29, 3, 3A(online) 2
Class 2:	The Time Value of Money	4,5

Sept. 19		
Class 3: Sept. 26	Catch up if needed Interest Rates/Term Structure Fundamentals of Capital Budgeting	5 9
Class 4: Oct. 3	Bonds, Stocks and Market Efficiency Students must read Chapter 24 on their own. Chapter 24 material will be tested but not covered in class. Section 13.5 presents additional evidence about market efficiency.	6 (continued), 6A, 24 7, 13.5
Workshop 1 Friday, Oct. 6 4pm – 6pm	Time Value of Money Workshop	6:00pm – 8:00pm, 29
Class 5: Oct. 10	Investment Decision Rules Risk Return introduction	8 10
Workshop 2 Sunday, Oct. 15 4pm – 6pm	Pre-midterm review workshop	6pm-8pm 7,8,9,10
Midterm Exam Oct. 17	Covers ALL chapters and topics in course so far, including assigned reading chapters.	
Class 7: Oct. 24	Risk Return introduction	10
Class 8: Oct. 31	Capital Structure	17,18,19
Class 9: Nov. 7	Optimal Portfolio Choice & The Capital Asset Pricing Model (CAPM)	11
Week of Nov. 14	No classes or office hours- this is the Fall Term Break	
Class 10: Nov. 21	Estimating the Cost of Capital Options	12, 12A 14
Class 11: Nov. 28	Payout Policy Risk Management: Insurance, Futures, Forwards and	20 30.1-30.2
Workshop 3 Friday, Dec. 1 4pm – 6pm	Pre-final review workshop	All chapters listed above should be reviewed prior to attending the workshop.
Thursday, Dec. 7 6pm-9pm	Final Exam	Covers ALL chapters and topics in course, including assigned reading chapters.

ATTENDANCE

It is extremely important that you **attend all classes**. Students who have indicated they would learn the material on their own and not attend class (for example, due to work commitments) have always performed very poorly in my courses because much of the in-class content is not understood solely from the readings or the PowerPoint. It is through active participation in class that you will achieve the most from this course. Make sure you always bring your calculator/Excel and always work through the examples as they are being done in class or in the workshops. If you have problems with the calculations or concepts, please raise your questions in class. If you have problems with using your calculator/Excel, please approach me during the breaks, after class, or in office hours.

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.

AI TOOLS

AI tools can be used to enhance learning and problem-solving skills, but they should not replace independent thinking and learning. Students must exercise critical thinking when using AI tools and acknowledge their use in academic work. Prohibited uses include generating or completing academic work with AI tools without appropriate

acknowledgement. Academic honesty is paramount, and students should accurately represent their individual effort and knowledge. Faculty will provide guidance on AI tool usage and incorporate discussions on AI ethics and academic integrity. Violations may lead to disciplinary actions, including academic penalties or suspension.

FACULTY BIOGRAPHY

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

Jun Wang, Ph.D., FRM

Department of Accounting and Finance

I.H. Asper School of Business

Dr. Jun Wang received her Ph.D. in 2014 from Concordia University and is an Associate Professor at University of Manitoba. She also holds the Financial Risk Manager (FRM) credential. Before joined the Asper School of Business in 2022, Dr. Wang worked as a tenured Associate Professor at Western University. Dr. Wang has taught a variety of finance courses at undergraduate and graduate levels, such as Financial Management, Investments, Corporate Finance, Advanced Finance, and Investment Banking. Dr. Wang's primary research focuses on corporate governance, financial institutions, law and finance, investments, and risk management. Her work has received attention from both academia and industry. Dr. Wang has done consulting work in the areas of securities litigation, pension, and investment banking. Professor Wang is interested in supervising new Ph.D. students.