



Department of Economics and Finance  
Spring 2017  
**FIN 504 Course Syllabus**

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**Course Information**

<i>Course Number/Section</i>	FIN 504
<i>Course Title</i>	Financial Management
<i>Days &amp; Times</i>	M 6:15p-8:55p at UCD

**Professor Contact Information**

<i>Professor</i>	Orhan Erdem
<i>Office Phone</i>	903-468-8695
<i>Email Address</i>	<a href="mailto:orhan.erdem@tamuc.edu">orhan.erdem@tamuc.edu</a>
<i>Office Location</i>	BA 202B
<i>Office Hours</i>	Thursdays 10-11 am at BA 202B (Commerce) Thursdays 1-3pm at BA 202B (Commerce) Mondays 5.15- 6:15 pm at UCD by appointment. If you want to meet me at UCD campus, please send me an email beforehand.

**Course Pre-requisites**

FIN 304- Introduction to Business Finance, or FIN 501 Finance for Decision Makers or consent of the instructor.

**Course Description and Goal**

This course provides students with financial management concepts in an advanced manner. The concepts covered are financial reporting, analysis, markets and regulations. Risk, valuation, planning and analysis including working capital management and capital budgeting, and other decision rules helps maximize the value of the firm. Focus on total quality management and financial considerations in the production of goods and services. Specific applications include the valuation of debt and equity securities and capital budgeting analysis.

**Student Learning Objectives**

Upon successful completion of the course, the student should be able to

1. Demonstrate an understanding of the advanced concepts of contemporary financial management and the application of its methods.
2. Demonstrate an ability to analyze and apply asset valuation techniques.
3. Demonstrate an understanding and the ability to measure strategic financial decisions in a risk/return context as it relates to today's dynamic world.

**Required Textbooks and Materials**

*Texts*

- "Contemporary Financial Management" (13<sup>th</sup> Edition), By: R. Charles Moyer, James R. McGuigan, and Ramesh P. Rao (Cengage Learning)

- **I will not strictly follow this textbook. There are topics in the course that somewhat deviate from the book. My Power Point slides is sufficient for all your work in this course.**
- The eLearning portal will be the primary way of communication. Course materials and announcements will be posted on the portal.

### **Tentative Academic Calendar**

1. Week: (Jan'23)
  - Introduction to Financial Management
  - *Required: Lecture 1 Slides*
  - *Recommended: Chapter 1; Readings 1-2*
2. Week: (Jan'30)
  - The Domestic and International Financial Marketplace
  - *Required: Lecture 2 Slides*
  - *Recommended: Chapter 2; Readings 3-4*
3. Week: (Feb'6)
  - Evaluation of Financial Performance
  - *Required: Lecture 3 Slides*
4. Week: (Feb, 13)
  - Financial Planning and Forecasting
  - *Required: Lecture 4 Slides*
  - *Recommended: Readings 5-6*
5. Week: (Feb, 20)
  - The Time Value of Money
  - *Required: Lecture 5 Slides*
  - *Quiz 1*
6. Week: (Feb, 27)
  - Fixed Income Securities: Characteristics and Valuation.
  - *Required: Lecture 6 Slides*
7. Week: (Mar, 6)
  - ***Midterm 1***
8. Week:
 

Spring Break (March`11- Mar `19)
9. Week (Mar,20)
  - Common Stock: Characteristics, Valuation, and Issuance.
  - *Required: Lecture 7 Slides (Chapter 7)*
  - *Recommended: Reading-7*
10. Week: (Mar, 27)

- Analysis of Risk and Return.
- *Required: Lecture 8 Slides (Chapter 8)*
- *Recommended: Readings 8-9-10*

11. Week: (Ap, 3)

- Capital Budgeting and Cash Flow Analysis
- Capital Budgeting: Decision Criteria
- *Required: Lecture 9 Slides (Chapter 9-10)*

12. Week: (Ap, 10)

- Financing with Derivatives: Options
- *Required: Lecture 10 Slides*
- *Recommended: Readings 11*

13. Week: (Apr, 17)

- Financing with Derivatives (cont)
- *Required: Lecture 11 Slides*
- Quiz 2 (just the derivatives)

14. Week (April 24)

- Risk Management
- *Required: Lecture 12 Slides*

15. Week: (May, 1)

- Midterm 2

### **Assignments**

1. Calculating the beta for the stocks you are assigned
2. Constructing an efficient frontier of 2 stocks assigned to you

### **Reading Materials**

*(You can only see the copyright materials from a computer connected to university network)*

1. Jespersen , F. F., & Lavelle, L. (2002, April 14). Executive Pay. Retrieved from Bloomberg: <http://www.bloomberg.com/news/articles/2002-04-14/executive-pay-on-September-2016>.
2. Lublin, J. S. (2015, June 25). How Much the Best-Performing and Worst-Performing CEOs Got Paid. Retrieved from <http://www.wsj.com/articles/how-much-the-best-and-worst-ceos-got-paid-1435104565?mg=id-wsj>
3. Etter L. (2006, December 2). Is Wall Street Losing Its Competitive Edge? Retrieved from <http://www.wsj.com/articles/SB116502518704838697>
4. Jones R. (2004, November 24) [http://www.nbcnews.com/id/6560474/ns/business-stocks\\_and\\_economy/t/are-us-financial-markets-losing-their-edge/#.WE5HzObhDIV](http://www.nbcnews.com/id/6560474/ns/business-stocks_and_economy/t/are-us-financial-markets-losing-their-edge/#.WE5HzObhDIV)
5. Loomis, C.J. (2015, February 28). How does a 1,826,163% stock rise sound? Retrieved from <http://fortune.com/2015/02/28/berkshire-after-50-years/>
6. Altman, Z. (1968) *Financial Ratios, Discriminant Analysis and the Prediction of Corporate Bankruptcy*

7. Erdem O., S. Yuksel, E.Arik. (2013, February 6). Trading Puzzle, Puzzling Trade. <https://ideas.repec.org/p/pram/mprapa/46804.html>
8. Banerji G. (2016, November 23). Sectors go wild: S&P 500 correlations crumble. Retrieved from <http://search.proquest.com.proxy.tamuc.edu/docview/1842502550/B5D1526530E143F9PQ/1?accountid=7083>
9. Jarzemsky M., T. Lauricella (August 18, 2013) Stock Break From Herd. Retrieved from <http://search.proquest.com.proxy.tamuc.edu/docview/1425728700/41BD6CB2CA7467FPQ/1?accountid=7083>
10. Zweig J. (2009, November 21) More Stocks May Not Make a Portfolio Safer. Retrieved from <http://search.proquest.com.proxy.tamuc.edu/docview/399153171/6787083D70E64EBFPQ/1?accountid=7083>
11. Burne, K., L. Aaron, and G. Zuckerman (2012, May 16). Hedge or Bet? Parsing the J.P. Morgan Trade. Retrieved from <http://www.wsj.com/articles/SB10001424052702303505504577406633898981786>

(Additional readings may be added to these materials during the semester)

### Grading Policy

**Your final grade will be calculated as follows:**

- a) **Class participation:** Even though you are not required to attend to lectures, contributions to class discussions and Q&A sections will be rewarded.
- b) **Bonuses:** Please send me an email about any errors in the slides/videos. I'll reward this by adding bonus points to your midterm grade.
- c) **Assignment (20%):** There will be 2 assignments out of which the highest will be counted for the final grade. It is mandatory for students to check online portal to follow the assignments.
- d) **Quizzes: (20%):** There will be 2 quizzes out of which the highest will be counted for the final grade. It is mandatory for students to check online portal to follow the quizzes.
- e) **Midterm Exams (60%):** There will be 2 midterm exams each of which has 30% weight.

### Course Policies

#### *Late Work*

Please hand in assignments before class on the day they are due. Assignments handed in after this, will be marked down by 10 points for each late day. (Assignments handed in after answers are distributed will receive no credit.)

#### *Exams*

They will be closed book and closed notes. Calculators approved by the Registration and Examinations Section of the University are allowed.

### University Specific Procedures

#### Student Conduct

All students enrolled at the University shall follow the tenets of common decency and acceptable behavior conducive to a positive learning environment. (See current Student Guidebook).

Students should also consult the Rules of Netiquette for more information regarding how to interact with students in an online forum:

[Netiquette http://www.albion.com/netiquette/corerules.html](http://www.albion.com/netiquette/corerules.html)

## **ADA Statement**

Students with Disabilities

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you have a disability requiring an accommodation, please contact:

### **Office of Student Disability Resources and Services**

Texas A&M University-Commerce  
Gee Library- Room 132  
Phone (903) 886-5150 or (903) 886-5835  
Fax (903) 468-8148  
Email: [Rebecca.Tuerk@tamuc.edu](mailto:Rebecca.Tuerk@tamuc.edu)

Website:

<http://www.tamuc.edu/campusLife/campusServices/studentDisabilityResourcesAndServices/>

### **Nondiscrimination Notice**

Texas A&M University-Commerce will comply in the classroom, and in online courses, with all federal and state laws prohibiting discrimination and related retaliation on the basis of race, color, religion, sex, national origin, disability, age, genetic information or veteran status. Further, an environment free from discrimination on the basis of sexual orientation, gender identity, or gender expression will be maintained.

### **Campus Concealed Carry**

Texas Senate Bill - 11 (Government Code 411.2031, et al.) authorizes the carrying of a concealed handgun in Texas A&M University-Commerce buildings only by persons who have been issued and are in possession of a Texas License to Carry a Handgun. Qualified law enforcement officers or those who are otherwise authorized to carry a concealed handgun in the State of Texas are also permitted to do so. Pursuant to Penal Code (PC) 46.035 and A&M-Commerce Rule 34.06.02.R1, license holders may not carry a concealed handgun in restricted locations. For a list of locations, please refer to

((<http://www.tamuc.edu/aboutUs/policiesProceduresStandardsStatements/rulesProcedures/34SafetyOfEmployeesAndStudents/34.06.02.R1.pdf>) and/or consult your event organizer). Pursuant to PC 46.035, the open carrying of handguns is prohibited on all A&M-Commerce campuses. Report violations to the University Police Department at 903-886-5868 or 9-1-1.

*The descriptions and timelines contained in this syllabus are subject to change at the discretion of the Professor.*

