

The University of New Mexico
ANDERSON SCHOOL OF MANAGEMENT

MGMT 526, Financial Management
Fall 2015

Mondays and Wednesdays, 5:30pm – 6:45pm

Instructor: **Reilly White, PhD**
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Office Hours: **Mondays and Wednesdays, 3:00pm – 4:00pm**
and *all days by appointment*

Office: **ASM 2083**
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OVERVIEW:

This is an MBA course designed to help you understand the fundamental workings of finance, ‘the science of funds management’.

Finance is the art of passing currency from hand to hand until it finally disappears.
- Robert W. Sarnoff

October: This is one of the peculiarly dangerous months to speculate in stocks in. The others are July, January, September, April, November, May, March, June, December, August and February.
-Mark Twain, *Pudd'nhead Wilson's Calendar for 1894*

Finance is one of the most important, practical subjects to learn in the business environment - it is the inspiration for our dreams, the uniting factor behind business and enterprise, and sometimes, the source of our greatest failures. This course aims to describe and apply concepts inclusive (but not limited to) the Time Value of Money, the Valuation of Stocks and Bonds, Interest Rates, Risk and Return, the Cost of Capital, and Capital Management. At the end of this course, you should be familiar with these terms and be able to explain and use them effectively. Mathematics is a constant presence in Finance, and while an understanding of basic Math helps, you do not need to be a mathematician to excel at this course. The best formula for getting an ‘A’ is to read the chapters in the book, use all the resources available in class, and meet with me during office hours to go over any problems you might have.

I am available in my office **Mondays and Wednesdays, 3:00pm – 4:00pm**, as well as by appointment.

REQUIRED MATERIALS:

Book: Officially, you don't need one. All tests will be based on the lectures and problems we do in class. However, there are two options as far as supplemental readings are concerned, depending on budget.

First, Intermediate Financial Management by Brigham/Davis, 12th Edition. This is the best straightforward Finance textbook out there, and the source of most of the materials I will provide for the course

Second, (It's Free!) Corporate Finance, by Ivo Welch, accessible here (<http://book.ivo-welch.info/ed3/>). Book is presented online, but if you'd like a print edition, it's \$60.

Calculator: I strongly suggest purchasing a **Texas Instruments BA II Plus** or **BA II Plus Professional** for use in this course, as this is the one I will be using to solve problems in class. However, any calculator that you are familiar with can also be used, including **Graphing Calculators with Finance Functions** (such as TI-83, TI-84, TI-4124123bx, etc.)

Online Material: All other course material will be posted to Blackboard.

You are strongly encouraged to read the Wall Street Journal and other business publications such as Fortune, Forbes, The Economist, or Business Week regularly.

CLASS ROOM POLICIES:

Students are expected to be respectful to themselves and the instructor at all times. Participation is encouraged. Laptops are ***strongly discouraged***, and should not be open during classroom discussion at any time, unless explicitly stated so by the instructor.

Cell phone, pagers and computer speakers should be muted or turned off. If you must take an emergency call, you may leave the classroom.

Please note that if Religious observances prohibit you from participating in any required activities such as exams, please let me know at least one week in advance so alternative arrangements can be made.

COURSE GRADING: The final grade is based upon your performance three Exams and Homework Assignments via Connect.

Three Exams (25% each)	75%
Finance Current Event	10%
Homework / Take Home Projects	15%

Exams will consist of conceptual material and problems. The content for exams will focus primarily on class lecture/discussion and assigned homework problems, but may include material covered in the assigned chapters. Calculators should be used for calculations. ***Please note that all***

inputs used in any calculation must be provided on the exam copy to receive credit. Partial credit will be given for correct procedures even if an error is made early in the problem - correct answers count for only a portion of the credit.

The Grading Scale will be as follows:

97-100	A+
93-96	A
90-92	A-
87-89	B+
83-86	B
80-82	B-
77-79	C+
73-76	C
70-72	C-
67-69	D+
63-66	D
60-62	D-
Below 60	F

HOMEWORK:

Homework assignments will be posted to Blackboard. Submission can be either online (via email) or in person during class.

Homework assignments will be announced in class, and you will have at least a week to complete them. I will drop your lowest grade! (Example: our of six assignments, I will 'count' five)

FINANCE CURRENT EVENTS:

The remaining 10% of your grade will be to give a presentation on a *Finance Topic* of your choice. Each student will be assigned a 'day' to talk about a current event in Finance, and be able to give a 5 minute presentation that can answer the following:

How does it connect with something we learned about?

How will this impact markets? (Are specific investors especially at risk?)

Based on this news, provide me with a recommended course of action from the perspective of an investor.

Grading will be out of 10 points. 7 points will be based on 'Content', and 3 points will be based on 'Presentation'. Grades will be e-mailed within two weeks of the date of the presentation.

FINAL NOTES:

Enjoy the course! Finance is, after all, incredibly fun.

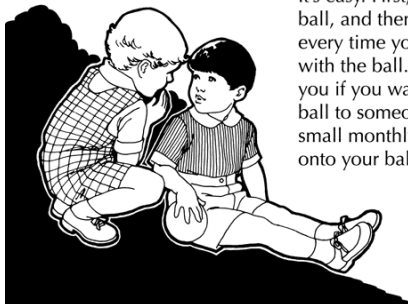
MGMT 526 – Preliminary Schedule

All Dates are *Preliminary* and open to change, as course schedules allow

MONDAY of the Week	Chapter	Topic	Notes
Aug 17	-	Syllabus, Finance History	
Aug 24	2	Present Value	
Aug 31	3	Annuities/Perpetuities, Bond Valuation	
Sept 7	3	Bond Valuation/Stock Valuation	
Sept 14	4	Net Present Value, Payback	
Sept 21		Review; EXAM 1 (Wednesday, September 23rd)	
Sept 28	4	IRR, MIRR	
Oct 5	5/6	Rates of Return / Yield Curve	
Oct 12	7	Investments	
Oct 19	9	CAPM / Beta	
Oct 26		Review; EXAM 2 (Wednesday, October 28th)	
Nov 2	-	WACC	
Nov 9	14	Ratio Analysis	
Nov 16	17	Taxes and Capital Structure	
Nov 23	10/11	Market Imperfections / Behavioral Finance	
Nov 30	-	Special Topics/Review	
Dec 9	Final	FINAL EXAM 5:30PM – 7:30PM	

Special Topics – Date to be Determined

Subject	Subject Area
Crisis and Contagion / Information Cascades	Markets
Currency Risk / FX Exposure	International
Retirement Plans	General Finance



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Retirement plan? Ha! I'm glad you asked! As a matter of fact, we've been in contact with a gentleman from Africa who is transferring eight million dollars into my bank account as we speak.