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JINAN UNIVERSITY

Financial Management

Lecturer: Michael Barry

Time: Monday through Friday (June 18, 2018-July 20, 2018)

Office hours: By Appointment

Total Contact Hours: 60 hours (50 minutes each)

Credits: 4

Location: Huiquan Building 518

E-mail: barry@msmary.edu

Course Description

Students will use various techniques to assess alternative investment opportunities and different financing methods. Specialized skills in corporate financial management are developed through the application of techniques such as the discounted cash flow model, capital structure model, dividend valuation model, capital asset pricing model, and option pricing models. Areas covered included working capital management, capital budgeting, capital structure and agency conflicts, and dividend payout policy.

Required Textbook

Charles P. Jones, *Investments: Analysis and Management*, 12th edition, Wiley 2013.

ISBN 978-1118363294

Course Hours

The course has 25 sessions in total. Each class session is 120 minutes in length. The course meets from Monday to Friday.

Grading Policy

Quizzes: Four quizzes	20%
Exams: Two exams	60%
Presentation:	10%
<u>Attendance: 0.5% per day attended</u>	<u>10%</u>
Total	100%

Quizzes: For this five-week course, there will be a Quiz on the Monday of each week commencing in Week 2. Each Quiz is worth 5%.

Exams: Exam 1 will be held on the Friday of Week 3. Exam 2 will be held on the Friday of Week 5. Each Exam is worth 30%.

Presentation: Students will be required to deliver a presentation to the class on a company listed in the S & P Top 50. This presentation will take place in the last week of classes. The day of presentation is dependent upon the class size. A written summary is also required.

Attendance: Students are awarded 0.5% for each day attended up to a maximum of 10%. Attendance scores are not awarded on Exam days.

Grading Scale

The instructor will use the grading system as applied by JNU:

Definition	Letter Grade	Score
Excellent	A	90-100
Good	B	80-89
Satisfactory	C	70-79
Poor	D	60-69
Failed	E	Below 60

Course Schedule

1 Introduction

- 1.1 Objectives of the firm
- 1.2 Understanding investments
- 1.3 Investment alternatives

2 Fundamental Concepts

- 2.1 Time value of money and Net Present Value
- 2.2 Valuation of securities
- 2.3 Risk and return
- 2.4 Cash flow analysis
- 2.5 Cost of Capital

3 Portfolio Management and Capital Market Theory

- 3.1 The returns and risks from investing
- 3.2 Portfolio Theory
- 3.3 Portfolio Management
- 3.4 Asset Pricing Models
- 3.5 Evaluation of investment performance

4 Long-Term Financing Decisions

- 4.1 Equity financing
- 4.2 Long-term liability
- 4.3 Term structure of interest rate

5 Working Capital Management

- 5.1 Working capital policy
- 5.2 Management of short-term assets
- 5.3 Short-term financing

6 Derivatives

- 6.1 Forward Contracts, Futures Contracts, Options Contracts
- 6.2 Hedging, Speculation, and Arbitrage with Forward and Futures

7 Common Stocks: Analysis, valuation, and Management

7.1 Common stock valuation

7.2 Common stocks: Analysis and strategy

7.3 Market Efficiency

8 Fixed-income securities: Analysis, valuation and management

8.1 Bond Yields and Prices

8.2 Bonds: Analysis and strategy

References and Recommended Readings

Brealey, R. A., Myers, S. C., and F. Allen, 2007, *Principles of Corporate Finance*, 10th edition, McGraw-Hill

Financial Management: Theory and Practice (12th Edition), Eugene F. Brigham and Michael C. Ehrhardt, Thompson/South-Western, 2008, ISBN: 0-324-42269-5.

Ross, Stephen, Westerfield, Randolph and Jordan Bradford, *Fundamentals of Corporate Finance*, Irwin McGraw-Hill, latest edition

Brigham & Houston, *Fundamentals of Financial Management*, Thomson 10th Edition, *A Random Walk Down Wall Street*, Burton G. Malkiel, WW Norton & Company, Inc., New York, 1999, ISBN: 0-393-04781-4

Barbarians at the Gate: The Fall of RJR Nabisco, Bryan Burrough and John Helyar, HarperCollins, New York, 1991, ISBN: 0-06-016172-8.

Beating the Street, Peter Lynch (with John Rothchild), Simon & Schuster, Inc., New York, 1993, ISBN: 0-671-75915-9.

Big Deal: 2000 and Beyond, Bruce Wasserman, Warner Books, New York, 2000, ISBN: 0-446-52642-8.

Academic Honesty

Jinan University defines academic misconduct as any act by a student that misrepresents the students' own academic work or that compromises the academic

work of another scholastic misconduct includes (but is not limited to) cheating on assignments or examinations; plagiarizing, i.e. misrepresenting as one's own work any work done by another; submitting the same paper, or substantially similar papers, to meet the requirements of more than one course without the approval and consent of the instructors concerned; sabotaging another's work within these general definitions, however, Instructors determine what constitutes academic misconduct in the courses they teach. Students found guilty of academic misconduct in any portion of the academic work face penalties ranging from lowering of their course grade to awarding a grade of E for the entire course.