



## MANAGERIAL FINANCE

EMGT 7831, 2022S

Professor: Joshua T. White  
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Office hours: By appointment (Phone or Zoom)  
Class time: Thursday 5:50-9:00pm  
Class location: Center Building

### Description

This class provides the framework for analyzing the various components needed to value real assets, as well as an introduction to the valuation of financial assets. Topics include the time value of money, capital budgeting, measuring risk in financial markets, and market efficiency, among others.

### Objective

Our primary objective is to learn how to make value-creating investment and financing decisions. We will first learn that the value of an asset is a function of the level, timing, and riskiness of its expected cash flows. We will then focus on the concepts, techniques, and practices needed to make value-maximizing decisions.

### Readings and Assignments

The textbook is *Principles of Corporate Finance* by Brealey, Myers and Allen (13th edition). This syllabus provides the class schedule, assigned readings, and due dates for the problem sets. Completing the assigned readings before attending the lecture will enhance your learning experience. Problem sets will be assigned on each of the first six weeks and are due by the date listed below.

### Outline

The course will be composed of synchronous remote lectures, problem sets, and a final exam. A detailed class schedule is provided at the end of the syllabus. The course is presented around the following outline:

1. Time Value of Money (TVM)
  - Week 1 - Time Value of Money
  - Week 2 - Discounted Cash Flow (DCF) Analysis: Bonds and Stocks
2. Investment Decisions
  - Week 3 - Capital Budgeting Analysis
  - Week 4 - The NPV Rule
  - Week 5 - Risk and Return, Portfolio Theory, Capital Asset Pricing Model (CAPM)
  - Week 6 - Weighted Average Cost of Capital (WACC)
  - Week 7(a) - Project Analysis
3. Financing Decisions
  - Week 7(b) - Efficient Capital Markets and Behavioral Finance

## Grading Policy

The final course grade will be determined by six problem sets and a final exam weighted as follows:

Component	Percent of final grade	Date due
Problem Set 1	10%	March 24
Problem Set 2	10%	March 31
Problem Set 3	10%	April 7
Problem Set 4	10%	April 14
Problem Set 5	10%	April 21
Problem Set 6	10%	April 28
Final Exam	40%	May 5

The final course grade will be curved to ensure that the grade distribution conforms to Owen guidelines, which are available at <https://www.vanderbilt.edu/catalogs/documents/owen.pdf>. A maximum of 25% will receive a grade of SP, and at least 35% will receive a grade of P or lower.

## Honor Code

1. *Problem Sets*: You must submit your own individual solutions to each of the problem sets on Brightspace. The problem sets are due by 6pm each Thursday based on the schedule below. No late problem sets will be accepted. Only your last attempt in Brightspace will be graded.
2. *Exam*: The final exam will be an online, closed-book exam. No verbal or written communication between students regarding questions or answers to the final exam are permitted during the exam. More details on the final exam will be provided at a later date.
3. *Material from Previous Years*: Consulting quizzes, problem sets, exams, and their respective solutions from previous sections of any course will be considered a violation of the honor code. In other words, only refer to the material that I make available during the course.
4. *External Resources*: While you can search the internet for additional information on the topics covered in class, you cannot copy or paraphrase anyone else's work in preparing your solutions to the problem sets.

Please communicate with me if you have any questions concerning the interpretation of the honor code as it applies to this course.

(see following page for class schedule)

<b>Week 1: March 17</b>	<b>Time Value of Money</b> Read: Ch. 1 (pp. 1-10); Ch. 2 (pp. 20-40) Assignment: Problem Set 1 Due date: March 24 by 6:00pm CST
<b>Week 2: March 24</b>	<b>Discounted Cash Flow Analysis: Bonds and Stocks</b> Read: Ch. 3 (pp. 46-52, 62-68); Ch. 4 (pp. 77-100) Assignment: Problem Set 2 Due date: March 31 by 6:00pm CST
<b>Week 3: March 31</b>	<b>Capital Budgeting Analysis</b> Read: Ch. 5 (pp. 108-126) Assignment: Problem Set 3 Due date: April 7 by 6:00pm CST
<b>Week 4: April 7</b>	<b>The NPV Rule</b> Read: Chapter 6 (pp. 135-156) Assignment: Problem Set 4 Due date: April 14 by 6:00pm CST
<b>Week 5: April 14</b>	<b>Risk and Return, Portfolio Theory, and CAPM</b> Read: Ch. 7 (pp. 167-190); Ch. 8 (pp. 198-213) Assignment: Problem Set 5 Due date: April 21 by 6:00pm CST
<b>Week 6: April 21</b>	<b>Weighted Average Cost of Capital</b> Read: Ch. 9 (pp. 228-246) Assignment: Problem Set 6 Due date: April 28 by 6:00pm CST
<b>Week 7: April 28</b>	<b>Project Analysis, Efficient Markets, and Behavioral Finance</b> Read: Ch. 10 (pp. 257-274); Ch. 13 (pp. 337-356) Optional Assignment: Practice Problems for Exam
<b>Exam: May 5</b> 5:50 p.m. – 9:00 p.m.	<b>Final Exam</b> Online final exam

\*\*\*This syllabus is subject to change. Refer to Brightspace for the latest version.\*\*\*