COURSE MODALITY
In Fall 2020, FINC 430 will feature a blend of different modalities. There will be in-person hybrid sessions where some students will be in the classroom while others participate remotely. There will be other class meetings where we will conduct group activities and exercises that will be conducted entirely via Zoom. Finally, some course content will be delivered asynchronously through pre-recorded videos and quizzes. Specific lecture-by-lecture guidance is provided at the end of this syllabus.

ZOOM GUIDELINES
Whenever we are meeting synchronously, students should be logged onto the class via Zoom. Even if you are attending class in person, please have your laptop with you and log onto Zoom. Keep your Zoom video ON and your Zoom audio OFF. To ask a question during class, unmute and start speaking. Sometimes this will involve you interrupting me. Go ahead and interrupt. The Zoom “chat” feature should only be used for (1) responding to a question I pose to the class or (2) asking a question to the Virtual Course Moderator (VCM).

Course description
Finance 1 covers managers’ and investors’ most fundamental finance decision: how to value a project or an asset. Managers must determine the value of building a factory, entering a new market, or purchasing an entire firm when deciding in which projects to invest. Similarly, individuals must assess the value of financial securities to decide how to invest their wealth. Finance 1 teaches methods for valuing projects or assets. These valuation tools lay the foundation for all work in capital markets and corporate finance.

Prerequisites
The prerequisites for this course are knowledge of probability and statistics through linear regression and accounting. These requirements may be satisfied with:

- Sufficient previous or concurrent DECS course work in statistics and econometrics
  ▪ By the sixth week in the term, it is important that you know how to run a regression, preferably in Excel. One of the cases we will study requires you to run regressions and you may be expected to run a regression on your final exam.
- Either (i) prior or concurrent registration in Accounting 430 or (ii) sufficient previous course work in basic financial accounting.
Course readings
   **This book is required.** See textbook acquisition instructions posted on the Canvas website for details on how to acquire access to MyFinanceLab, an e-book, and a loose-leaf version of the text at significantly reduced prices.
2. Lecture slides, topic videos, cases, and readings as assigned. Lecture slides, video links, and readings will be posted on the course website. Cases will be distributed via the Study.Net link on Canvas.

All course materials are the intellectual property of the instructor. You may not distribute class materials electronically or in any form to anyone – inside or outside of Kellogg. In particular, you may not share course materials with other students or with your employers after graduating from Kellogg.

Grading
Your grade in the course will be based on the maximum of the following:

- 20% video quizzes, 25% five group case studies, 15% midterm, 30% final, 5% class participation, 5% peer review.
- 20% video quizzes, 25% five group case studies, 0% midterm, 45% final, 5% class participation, 5% peer review.

As indicated above, there are six components to your course grade.

1. **Video quizzes**: Some course content is delivered asynchronously via videos. Following each video, there is a Canvas quiz. All quizzes for a given topic must be completed on Canvas on or before **8:30 AM Evanston time** on the day they are due. Late quizzes will not be accepted! When you submit your quiz answers, Canvas will immediately tell you if your answers are correct. You may also take the quizzes as many times as you like. If you take the quiz multiple times, your highest score submitted before the due date/time will count towards your course grade. Solutions to the video quizzes will be posted to the website. Note, there are multiple quizzes for each topic.

2. **Group Case Studies**: There are five graded case studies. For these case studies, students will be assigned into a study group of four or five people. Case study groups will be posted on the course website by the end of the second week of class. Students may not attach their name to a case submission if they did not participate in its completion. Class time will be devoted to the discussion of the cases, but no “solutions” will be provided. For each case, one member of each group must upload files to Canvas before **8:30 AM Evanston time** on the day they are due. Late case submissions will not be accepted! **All students within a study group will receive identical scores on group case submissions.** Responsibility for submitting the desired answers by the deadline is the joint responsibility of the entire group, regardless of how the group determines the allocation of the work.

3. **Midterm Exam**: On Monday, October 26th, there will be a midterm exam administered remotely through Canvas. The exam will be available all day, but students must submit their completed exam within 90 minutes of when they access the exam. The midterm is open book and open note. You will need your laptop to complete the midterm, but laptop use is restricted to accessing the course webpage, course files you have saved to your computer, or to conduct calculations in Excel. Completing the midterm exam is **optional**, and as a result, there will be no rescheduling of the midterm exam. Midterm submissions after the 90 minutes have expired will not be accepted!

4. **Final Exam**: There will be a final exam administered remotely through Canvas that must be completed during the school’s final exam period. **No students will be allowed to take the final exam at any other time.** The exam will be available throughout the exam period, but students must submit their completed exam within 180 minutes of when they access the exam. The final
exam is cumulative. The final is open book and open note. You will need your laptop to complete the final, but laptop use is restricted to accessing the course webpage, course files you have saved to your computer, or to conduct calculations in Excel. Final exam submissions after the 180 minutes have expired will not be accepted!

5. **Peer review**: No later than Monday, December 7th, all students must complete a peer review, where you will be asked to evaluate the contribution made by each of your group members with respect to the completion of the case studies. Students that do not complete the peer review on time will be penalized in the peer review component of their own grade.

6. **Participation self-evaluation**: No later than Monday, December 7th, all students must complete a participation self-assessment where you will be asked to evaluate your class participation according to the guidelines listed below. Students that do not complete the participation self-assessment on time will be penalized in the class participation component of their own grade. I have very specific expectations regarding class participation, and I evaluate such participation formally according to the following guidelines. To qualify for a participation grade other than “C”, you must satisfy or exceed *ALL* of the listed characteristics for the given grade.

<table>
<thead>
<tr>
<th>Participation Grade</th>
<th>Characteristics</th>
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</table>
| **A** | In synchronous meetings:  
| | Regularly volunteered comments or asked questions that other students found valuable.  
| | In response to being called upon, always demonstrated preparedness.  
| | On the discussion boards:  
| | Regularly asked questions that other students found valuable.  
| | Regularly offered help/suggestions to classmates. |
| **B+** | In synchronous meetings:  
| | Often volunteered comments or asked questions that other students found valuable.  
| | In response to being called upon, often demonstrated preparedness.  
| | On the discussion boards:  
| | Often asked questions that other students found valuable.  
| | Often offered help/suggestions to classmates. |
| **B** | In synchronous meetings:  
| | Occasionally volunteered comments or asked questions that other students found valuable.  
| | In response to being called upon, occasionally demonstrated preparedness.  
| | On the discussion boards:  
| | Occasionally asked questions that other students found valuable.  
| | Occasionally offered help/suggestions to classmates. |
| **B-** | In synchronous meetings:  
| | Infrequently volunteered comments or asked questions that other students found valuable.  
| | In response to being called upon, infrequently demonstrated preparedness.  
| | On the discussion boards:  
| | Infrequently asked questions that other students found valuable.  
| | Infrequently offered help/suggestions to classmates. |
| | In synchronous meetings: |
Calculation of final course grade
I will calculate a separate score for each student in each of the six categories. These six scores will be weighted according to the weights shown above. The top 40% of students will receive an “A”, the next 50% will receive a “B”, and the bottom 10% will receive a “C” or lower. The school suggests this grade distribution across all core finance classes.

Honor code
The first sentence of the Kellogg Honor code reads: “All students enrolled in a course offered by the Kellogg School of Management agree to abide by the Kellogg Honor Code.” If you are unsure of what this means, please read the honor code. You can find it at: https://www.kellogg.northwestern.edu/policies/honor-code.aspx. If you are in doubt about whether something is acceptable under the honor code, please do not hesitate to ask me.

In particular, the following are considered honor code violations:
1. Consulting materials distributed in any other section of this course or any other Kellogg finance course.
2. Discussing cases with any individuals—including former students—other than those students in your current case group.
3. Sharing course materials with anyone at anytime. See below.
4. In future quarters, discussing any course assignment with students then enrolled in this course before those students’ due date.
5. Seeking or receiving any assistance with the quizzes, the midterm, or the final exam.

Classroom etiquette
Kellogg has established a series of guidelines to make sure that the classroom environment enhances the learning experience for all students. Please take the time to familiarize yourself with the Classroom Etiquette code.

https://www.kellogg.northwestern.edu/policies/etiquette.aspx

In particular:
1. I expect you to attend every synchronous course meeting. If you are unable to attend for an unavoidable reason, you must notify me in advance. There is material discussed in class that is not found elsewhere. Students missing class are expected to speak with classmates about material that was missed and immediately review any available class recordings. See below for important information regarding recordings.
2. I expect you to be ready to begin on time.
3. I expect you to stay for the entire session.
**Class session recordings**

Hybrid class sessions will be recorded. Zoom-only sessions will be recorded when new material is discussed with the entire class. Group exercises and discussions conducted via breakout groups will not be recorded.

**Additional resources**

**Discussion boards**

Outside of class, post your questions in the appropriate thread on the discussion board. As the participation guidelines above suggest, students are encouraged to post replies. If necessary, I will reply no later than the next business day. Please plan accordingly! Course-related questions sent to me directly will be posted on the discussion board with attribution.

**In-person “office” hours**

I am available to meet with students via zoom by appointment. To schedule a zoom meeting with me, send a request directly to me at gregor.matvos@kellogg.northwestern.edu.

**MyFinanceLab**

Additional (ungraded) practice problems are also available on MyFinanceLab, to which you gained access when you acquired the textbook following the instructions posted on Canvas.

1. Go to Study Plan and navigate to the section of the textbook from which you wish the problems to come.
2. You may click on Choose a Hint to get help on the question. Do not worry about point deductions, as these questions will not be graded for this course.
3. For additional questions, you can click on Assignments then Take a Quiz/Test on the left-hand side menu. Although they are called quizzes, they will not be graded and are provided for your practice only.

Please note that many of the problems on this website are beyond the scope of our course. You may wish to restrict your use of MyFinanceLab to the textbook chapters and sections listed below on the course outline.

**Review recordings**

Approximately once each week, I will provide you with a link to a recording of a TA reviewing the course concepts and solving some additional problems.

**Student liaison**

The class will nominate a student volunteer to be the student liaison. The liaison will:

- Be a sounding board for me on student related issues;
- Communicate to me any course-related issues raised by other students;
- Organize virtual “lunches” for interested students and me.

Please contact me if you are interested in serving as the class liaison.
**Course outline**

<table>
<thead>
<tr>
<th>Class meeting dates</th>
<th>Session</th>
<th>Modality</th>
<th>Textbook chapters</th>
<th>Topic</th>
<th>Assignment Due*</th>
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<tbody>
<tr>
<td>Monday, September 21</td>
<td>1</td>
<td>Classroom hybrid</td>
<td>1, 4.1-4.8</td>
<td>Course introduction. Why study finance?</td>
<td></td>
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<tr>
<td></td>
<td>2</td>
<td>Videos</td>
<td></td>
<td>Time value of money</td>
<td></td>
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<tr>
<td>Monday, September 28</td>
<td>3</td>
<td>Zoom only</td>
<td>5.1-5.3, 6.1, 9.1-9.2</td>
<td>Group exercises: Time value of money</td>
<td>Time Value Video Quizzes</td>
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<tr>
<td></td>
<td>4</td>
<td>Videos</td>
<td></td>
<td>Applications of the time value of money</td>
<td></td>
</tr>
<tr>
<td>Monday, October 5</td>
<td>5</td>
<td>Zoom only</td>
<td></td>
<td>Group exercises: Applications of time value of money</td>
<td>Applications of Time Value Video Quizzes</td>
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<tr>
<td></td>
<td>6</td>
<td>Videos</td>
<td>2, 3.1-3.3, 7.1-7.3, 8.1-8.4</td>
<td>Capital budgeting</td>
<td></td>
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<tr>
<td>Monday, October 12</td>
<td>7</td>
<td>Zoom only</td>
<td></td>
<td>Group exercises: Capital Budgeting</td>
<td>Capital Budgeting Video Quizzes</td>
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<tr>
<td>Thursday, October 15</td>
<td>8</td>
<td>Classroom hybrid</td>
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<td>Ocean Carriers discussion</td>
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<td>9</td>
<td>Videos</td>
<td>19.2-19.6</td>
<td>Pro forma valuation</td>
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<td>Thursday, October 22</td>
<td>10</td>
<td>Zoom only</td>
<td></td>
<td>Group exercises: Pro forma valuation</td>
<td>Pro Form Valuation Video Quizzes</td>
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</table>

*Video quizzes and case submissions are due at **8:30 AM** on their due date.

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## Course outline, continued

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<tr>
<th>Class meeting dates</th>
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<tr>
<td></td>
<td>11</td>
<td>N/A</td>
<td></td>
<td>Remotely administered midterm exam</td>
<td>MIDTERM DUE Monday, October 26</td>
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<td>Monday, November 2</td>
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<td>Classroom hybrid</td>
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<td>Teuer Furniture (A) discussion</td>
<td>Teuer (A)</td>
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<td>Thursday, November 5</td>
<td>14</td>
<td>Zoom only</td>
<td>10, 11, 12</td>
<td>Group exercises: Risk and return</td>
<td>Multiples Valuation Video Quizzes</td>
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<td>Monday, November 9</td>
<td>15</td>
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<td>Teuer Furniture (B) discussion. Risk and return.</td>
<td>Teuer (B) Risk and Return Video Quizzes.</td>
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<tr>
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<td>16</td>
<td>Videos</td>
<td>8, 12.4-12.7, 14</td>
<td>Capital budgeting with risk</td>
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<td>Monday, November 16</td>
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<td>Zoom only</td>
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<td>Group exercises: Capital budgeting with risk</td>
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<td>Classroom hybrid</td>
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<tr>
<td></td>
<td>19</td>
<td>Videos</td>
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<td>Financial options</td>
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<td>Thursday, December 3</td>
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<td>Zoom only</td>
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<td>Ameritrade discussion</td>
<td>Ameritrade Financial Options Video Quizzes.</td>
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<tr>
<td>Examination period</td>
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<td>Remotely administered final exam</td>
<td>Final Exam</td>
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