Course Syllabus
MAY CHANGE UP TO FIRST CLASS

Course description: Finance I 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. Similarly, individuals must assess the value of financial securities to decide how to invest their wealth. Finance I 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. 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 and a loose-leaf version of the text at significantly reduced prices. Feel free to use any edition (although the suggested problems in the lecture slides will refer to this edition). You will also use this book in Finance II.

2. Lecture slides, cases, and readings as assigned. Lecture slides and readings will be posted on the course website. Cases will be distributed via the Study.Net link on Canvas.


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

- 18% six individual quizzes, 20% four group case studies, 17% midterm, 30% final, 10% peer review, 5% reading response.
- 18% six individual quizzes, 20% four group case studies, 0% midterm, 47% final, 10% peer review, 5% reading response.

1. Individual quizzes: There are six quizzes to be completed individually. These are also in the form of an online Canvas quiz, which must be completed on Canvas by the time specified (see the quiz assignment). 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 before the due date.
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 quizzes will be posted to the website. **I will drop the two lowest quiz scores.**

2. **Group Case Studies:** There are four 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. Discussions of the cases will take place during class, but no “solutions” will be provided. For each case, one member of each group must upload files to Canvas before they are due. I may ask you to show your analysis to the class, so please install the Solstice client software on your laptops ([https://www2.mersive.com/download/](https://www2.mersive.com/download/)) so that you can share your screen with the class. **Cases are due at 8:00 PM the day before we discuss them.**

3. **No questions are answered about a case before it is turned in.** If you are unclear about something, make an assumption, and state this assumption very clearly in your answer, and move forward with your solution. As long as your assumption is reasonable, then your approach will be acceptable.

4. **Midterm Exam:** There will be an in-class midterm. 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.

5. **Final Exam:** There will be a mandatory in-person final exam. The final exam is cumulative. The final is open book and open notes. 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.

6. **Peer review:** All students must complete a peer review by the specified date, 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 receive no credit for the peer review component of their own grade.

7. **Reading Response:** We will read a book together that is related to finance and you will provide some written reactions to the reading assignment (listed on the syllabus). I am primarily interested in your thoughts about the reading and how it made you think about finance in the real world.

**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 finance department requires this grade distribution across all core finance classes.

**Additional rules regarding assignment submissions:** **Late submissions will receive no credit.** Deadlines for this class are non-negotiable. If you have a question about a deadline, you should resolve your question sufficiently prior to the deadline so that you can complete the assignment by the due date.

- **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.

**Additional availability:** Outside of class, post your questions in the appropriate thread on the discussion board. You will receive a response within 24 hours and usually much faster than that. Course-related questions sent to me directly will be posted on the discussion board with attribution. Students are welcome to post replies where applicable. I recommend that you subscribe to all of the discussion boards on Canvas so you are alerted when questions and answers are posted to Canvas. I am also available to meet with students at other times by appointment. To schedule an appointment, send an email directly to me at john.mondragon@kellogg.northwestern.edu.
**Review Sessions:** The TA will be leading review sessions beginning in Week 1 at TBA in room TBA. Course-related questions sent to a TA directly will be posted on the discussion board with attribution. The TAs and I will be monitoring the discussion board and will respond as described above.

**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 revised Classroom Etiquette code.

[http://www.kellogg.northwestern.edu/stu_aff/policies/etiquette.htm](http://www.kellogg.northwestern.edu/stu_aff/policies/etiquette.htm)

In particular: You may not use electronic devices for non-class purposes (i.e. email, web-surfing) during class.

I will be using in-class, ungraded quizzes and through *Socrative*. Further instructions will be available on Canvas.

I will frequently cold-call you based on a truly random draw. I do this for several reasons. First, it helps avoid all questions being answered by the same set of students. Second, it helps me figure out how comfortable students are with the material and if I need to adjust the pace of class. Third, by randomizing the selection it helps me avoid any unconscious biases in who I might call on. Finally, even though everyone dislike being called on, most students do say they like the accountability it brings to class. I am never calling on you as a punishment or to embarrass you. I strive to create a class where it is okay for you to make mistakes.

**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: [http://www.kellogg.northwestern.edu/stu_aff/policies/honorcode.htm](http://www.kellogg.northwestern.edu/stu_aff/policies/honorcode.htm). 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 any time. 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 problem sets, quizzes, the midterm, or the final exam.

**Access to course information via the web:** Lecture slides, assignments, and course readings will be available on the course Canvas page. Grades will be entered into the electronic gradebook.

**Student liaison:** The Student Liaisons for my section is:

- TBA

You should always feel free to reach out to me with issues regarding class. Should you wish an anonymous route, you should feel free to reach out to the student liaisons.
Attending other sections: Professor Korajczyk and I realize that this quarter will involve a great commitment to recruiting. You may attend any of the sections (31, 32, 33) if you have a conflict with your section, subject to availability of seats. On days in which we are discussing cases you should attend your regular section.

Academic Support: Kellogg has a range of tutoring support options if you feel you need additional support outside of class: https://www.kellogg.northwestern.edu/serial/academics/tutoring.aspx

Mental Health: As a student you may experience a range of issues that can cause barriers to learning, such as strained relationships, increased anxiety, alcohol/drug problems, feeling down, difficulty concentrating and/or lack of motivation. These mental health concerns or stressful events may lead to diminished academic performance and may reduce your ability to participate in daily activities. Northwestern University services are available to assist you. You can learn more about the broad range of confidential mental health services available on campus: https://www.northwestern.edu/counseling/

If you find yourself struggling with your mental or physical health this quarter, please feel to approach me. I try to be flexible and accommodating.

Sexual Misconduct and Reporting: Northwestern University is committed to fostering an environment where students are safe and free from sexual misconduct. Confidential resources are available to those who have experienced sexual misconduct. Faculty and instructors are not confidential resources and are required to report incidents of sexual misconduct, whether discussed in your assignments or in person, to the Title IX Coordinator, who can provide information about resources and options. I encourage students who have experienced sexual misconduct to talk with someone to get support. For more information, including how to request interim protective measures and academic accommodations or file a complaint, see the Get Help page.

Confidential resources: https://www.northwestern.edu/sexual-misconduct/get-help/confidential-support.html

Get help: https://www.northwestern.edu/sexual-misconduct/get-help/index.html

Discrimination and Sexual Harassment: Northwestern University's Policies on Discrimination, Harassment, and Sexual Harassment apply to all members of the University community, including students, staff, and faculty. Any student, staff, or faculty member who believes that he or she has been discriminated against or harassed on the basis of his or her race, color, religion, national origin, sex, sexual orientation, gender identity, gender expression, parental status, marital status, age, disability, citizenship, veteran status, genetic information or any other classification protected by law, should contact the Office of Equal Opportunity and Access at (847) 491-7458 or the Sexual Harassment Prevention Office at (847) 467-6571. Additional information about the University's discrimination and harassment policies, including the campus resources available to assist individuals with discrimination or harassment concerns, is available online on the Human Resources Equal Opportunity and Access website: https://www.northwestern.edu/equal-opportunity-access/index.html

Other: All course materials are the intellectual property of the FINC 430 instructors. 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. Course outline: This is an approximate schedule of topics to be covered. We may move faster or slower than indicated. Regardless of the realized pace of the class, the midterm date will not change.

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<thead>
<tr>
<th>Date</th>
<th>Class</th>
<th>Topic</th>
<th>Diary of a Bad Year Readings</th>
<th>Assignment Due</th>
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<tr>
<th>Date</th>
<th>Week</th>
<th>Topic</th>
<th>Additional Information</th>
<th>Quiz</th>
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<tbody>
<tr>
<td>Tuesday, January 8</td>
<td>1</td>
<td>Course introduction</td>
<td>Module 1: Time value of money</td>
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<tr>
<td>Tuesday, January 15</td>
<td>2</td>
<td>Module 2: Applications of the time value of money</td>
<td>Introduction and Prime Time for Subprime</td>
<td>Quiz 1</td>
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<tr>
<td>Tuesday, January 22</td>
<td>3</td>
<td>Module 3: Capital budgeting</td>
<td>The Death of Bear</td>
<td>Quiz 2</td>
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<td>Tuesday, January 29</td>
<td>4</td>
<td>Ocean Carriers discussion</td>
<td>On the Eve</td>
<td>Ocean Carriers Due 8:00 PM January 28 Quiz 3</td>
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<td>Tuesday, February 5</td>
<td>5</td>
<td>Teuer (A) discussion</td>
<td>Teuer A, Due 8:00 PM February 4</td>
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<td>Tuesday, February 12</td>
<td>6</td>
<td>Midterm</td>
<td>How Bad is it?</td>
<td>Midterm exam Mid-class evaluations</td>
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<td>Friday, February 15</td>
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<td>Quiz 5</td>
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<td>Tuesday, February 19</td>
<td>7</td>
<td>Schumpeter discussion</td>
<td>Year-end Closing (until p. 102).</td>
<td>Schumpeter Due 8:00 PM February 18</td>
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<td>Tuesday, February 26</td>
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<td>Risk, return, CAPM</td>
<td>Populist Rage</td>
<td>Reading Reflection 1 Quiz 6a</td>
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<td>Tuesday, March 5</td>
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<td>Capital budgeting with risk</td>
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<td>Tuesday, March 12</td>
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<td>Module 8: Financial options</td>
<td>Vacation Plans up to p. 193</td>
<td>Ameritrade Due 8:00 PM March 11</td>
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<td>Monday, March 18</td>
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<td>Peer Review, Reading Reflection 2</td>
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<td>Tuesday, March 19</td>
<td>11</td>
<td>Final exam</td>
<td>Final Exam</td>
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Quizzes are named after their respective module. There is no quiz for module 4 or 7. There are two quizzes for module 6. A quiz for module 8 will be made available to you, but will not be graded.