Lecture Days and Times: Monday & Wednesday 3:15 PM to 5:20 PM  
Classroom: Dodd 147  
Office: 2265 Bunche Hall  
Office Hours: 11am-12pm Monday & Wednesday.  
I will also hold additional office hours in the week leading up to the final exam.  
e-mail: lindsayd@g.ucla.edu  

Course Description:  
This course will serve as an introduction to finance and valuation. We will examine the major financial decisions made by corporate managers both within the firm and in their interactions with investors. Essential in most of these decisions is the process of valuation, which will be emphasized throughout the course. Topics include criteria for making investment decisions, valuation of financial assets and liabilities, relationships between risk and return, and capital structure choice.  

Course Materials:  
There is an optional textbook titled Corporate Finance (4th edition) by Ivo Welch for this class. It is free on-line at from Ivo Welch’s website. A paper copy can be purchased for approximately $50.  

Prerequisites:  
Economics 102 (Intermediate Macroeconomics) or the equivalent.  

Assessments:  
There will be two exams. The weighting of the exams is as follows:  
Midterm Exam: In class on Wednesday July 10th - 40%.  
Final Exam: In class on Wednesday July 31st - 60%.  
Note that both tests will take place between 3:15pm and 5:20pm.  

Policy on Missed Exams:  
Exams must be taken at their scheduled time. Please note that under no circumstances will a makeup exam be administered if a student misses a midterm. If a student has a legitimate emergency (by “emergency” I mean serious and unanticipated) and can provide acceptable documentation of such of an emergency, then additional weight will be placed on the final exam. Any such documentation, such as a doctor’s note, should clearly state that the student was incapacitated and was therefore unable to take the exam or faced a serous impediment that prevented attendance at the exam. A student who misses an exam without a valid, verifiable excuse will receive a zero. If due to a verifiable emergency, a student misses the final exam, then that student will be required to take a makeup final exam administered by the department at the officially announced day and time. If a student misses all exams this student will receive an automatic grade of “F”.  

Exam Rules:  
You may bring a simple calculator such as the Canon LS-100TS calculator, that’s available from the UCLA store (Graphing and programmable calculators will not be allowed). You will NOT be allowed to have cell phones or any other electronic devices on your desk during the exam. All backpacks should be zipped closed and all books put away. Failure to do so will delay the distribution of the exams for the entire class. When I call for the exams, all writing must stop.
Center for Accessible Education (CAE):
Any student with a pre-existing illness or condition who requests special arrangements must (a) qualify under CAE rules for such special arrangements and (b) must take the exam with CAE. Any such arrangements with CAE must be communicated to the instructor during the first week of classes. For additional information and the qualification conditions of the Center for Accessible Education please visit their website at https://www.cae.ucla.edu/. All other students must take the exam at the scheduled time under the same time constraints. It is the responsibility of all students who request special arrangements with CAE to be familiar with all their rules as well as the rules of this class.

Grading Policy:
I will apply the Economics Department's grading curve.

Academic Dishonesty:
Any cases of cheating will be reported to the Office of the Dean of Students. For more details please refer to the Office of the Dean of Students website at https://www.deanofstudents.ucla.edu/Academic-Integrity

Topics Covered
Actual topics covered depend on time.

1. **Introduction and basic terms**: Including bonds, perpetuities, and stocks. Firm investment decisions. Law of One Price and valuing cash flows using present value, future value.

2. **Financial Statements**: Understanding the basic terms on a firm's financial statement. Commonly used valuation ratios.

3. **Bonds**: Basic concepts such as coupons, yield to maturity. Using the present value formula with time varying interest rates. Theories of the yield curve.

   *In class midterm Wednesday 10th of July 3:15-5:20pm Dodd 147.*

4. **Investment by firms**: Present value, future value, and capital budgeting, the separation theorem. Internal rates of return for the firm.

5. **Stocks**: Valuing stocks using the dividend discount or Gordon growth model.

6. **CAPM**: Basic concepts and applications. Alphas, risk and return, market beta. An overview of anomalies, issues and extensions of the CAPM.

7. **Derivatives**: Definitions of forwards, futures, and options. Overview of these markets, demand for hedging, different types of options. Investor returns from options. Basics of valuing these securities.

   *Final exam Wednesday 31st of July 3:15-5:20pm Dodd 147.*