



DEPARTMENT OF ECONOMICS

ECON 173B: CORPORATE FINANCE

LOCATION: MANDE B150

TIMES: TUESDAYS & THURSDAYS, 12:30PM-1:50PM (A00), 5PM-6:20PM (B00)

**SPRING QUARTER 2023
SYLLABUS**

Instructor: Dr. Steve Levkoff, PhD, CAP®

E-mail: slevkoff@ucsd.edu

Course Webpage: <http://canvas.ucsd.edu>

Office: Economics Building 112 (may change)

Office Hours: Tuesdays & Thursdays, 2:00pm-3:00pm, open door, and by appointment (no office hours until week 2)

Course Description: This course builds on the foundations of financial markets and financial accounting concepts introduced in prior course sequences. Topics include (but are not limited to), valuation & risk, capital budgeting & project planning, financial markets & efficiency, capital structure & debt policy, mergers and acquisitions, and selected topics.

Prerequisites: You should have successfully completed ECON / MGT 4 and ECON 173A to be enrolled in this course.

Readings:

Recommended:

- [1] Brealey, Myers and Marcus, *Fundamentals of Corporate Finance*, 10th Edition (any edition is fine), McGraw-Hill Irwin, 2018

Discussion Sections: Discussion sections will be primarily focused on going through solutions to problem sets and other examples. There is no discussion section during the first week of the course.

Location: CENTR 222

Times: Fridays: 4:00PM-4:50PM & 5:00PM-5:50PM

Head Teaching Assistants: Linchen Zhang (liz032@ucsd.edu), Steven Yee (s1yee@ucsd.edu)

Problem Sets: While not a formal part of the course grade, the problems worked in class and posted in the “worked problems” module will play a crucial role in developing your problem solving skills and should be taken *very seriously*, especially if you see accounting in your future. In the past, it has often been the case (and is no secret if you look at my course evaluations online) that students putting the most effort into the worked problems tend to perform best on the exams because *the worked problems tend to be much more difficult than exams*. Worked problems will be posted regularly to Canvas and will be used as constructive examples in the TA discussions.

#FinAid Survey: In order to document the commencement of your academic activity for the course for financial aid considerations, please make sure you submit this survey prior to the end of week two of the course. Failure to do so may result in loss of financial aid.

Prerequisite Quiz: During the first week of class there will be a quiz to be taken asynchronously on Canvas to help set a baseline for your performance in the course relative to knowledge of the prerequisite content. The quiz will be timed with some constraints on how to answer the questions and will give you a good idea of how well you’ve retained knowledge from the prerequisite courses that we will build upon. It will not count towards your grade for the course. You should assume all questions are asked in a discrete time framework. The quiz will be available after the first day of lecture at 6:30pm and can be submitted any time before Wednesday, 4/5/23, before 11:59pm.

Lecture Survey Questions (LSQs): Starting week 2 of the course, I will begin class with a survey question (participation only regardless of if you get the question right or wrong) on Canvas that you can answer using your mobile device or computer in the live session. While these questions are intended for folks showing up in-person in the live session, the deadline to submit these for extra credit will be extended through the Sunday of each week (prior to midnight). Participation in these surveys will count as extra credit towards augmenting your course grade (see below).

Examinations: There will be two exams: a midterm (5/9/23) and a final examination scheduled by the registrar (see schedule below). All exams are cumulative and in-person only – no exceptions. All students are expected to take the in-person assessments.

Grading:	Prerequisite Quiz (due 4/5/23)	5% BONUS
	LSQs (in lectures starting week 2)	5% BONUS
	Midterm Exam (5/9/23 in lecture)	40%
	<u>Final Exam (see schedule below)</u>	<u>60%</u>
	Total	100%

In the *past*, a student could typically guarantee themselves some type of A by ranking in the top 25% of students in the course and some type of B by ranking in the top 60% of students in the course. The median grade for the course typically winds up being around a B-.

Absences & Attendance: The instructor reserves the right to re-weight the composite grading structure above to accommodate valid excused absences (ie: medical emergency, etc.) in the event students miss an exam for a legitimate, university approved reason. This might involve an oral exam or some other alternate format. To hedge risk, it is in the students' best interest to complete as many of the course assessments as possible.

Supplemental Material & Slides: Throughout the course, the instructor may post supplemental readings and slides via Canvas. These materials are meant to be used in addition to the lecture and are not to be used as a substitute for going to lecture, reading the textbook, or watching required video content. The instructor reserves the right to remove access to this material if he feels that it has adversely affected attendance in the lecture.

Classroom Decorum & Email: To avoid distracting others in the classroom, please arrive on time. When class is in session. I use a "call-and-response" type lecture style, and you should feel encouraged to participate when queried by the instructor with a leading question. Please restrict the use of email to the minimally necessary volume, put the course number (ECON 173B) in the subject of the email – I teach other classes and this is the fastest way for me to know who I'm responding to. Put your *full name* at the end of email messages as well. Email questions regarding *how to do a particular problem set question* should be first directed to your TAs (so they have an opportunity to exercise their purview). Your email decorum should be professional. You should make sure you address the email formally and properly and use college level grammar. The way to get the fastest response via email is to email me directly at slevkoff@ucsd.edu. Messaging me through Canvas requires that I log into Canvas to reply, and this is more cumbersome. I also spend about 2 hours per day responding to emails, so if you don't get a reply immediately (I answer them in the order I get to them), please either follow up or wait. I should get back to you within no longer than three days at the most (especially if you ask over the weekend).

Statement of Academic Integrity: Integrity of scholarship is essential for an academic community. The University expects that both faculty and students will honor this principle and in so doing protect the validity of university intellectual work. For students, this means that all academic work will be done by the individual to whom it is assigned, without unauthorized aid of any kind.

Examination Policies: Consistent with the University's mission to preserve academic integrity, there are several policies and procedures that must be adhered to by students during exams.

- 1) In order to be allowed into the exam, students must have:
 - A BASIC or SCIENTIFIC calculator (no graphing calculators, cell phones, or other mobile devices unless given prior approval by the instructor)
 - Your UCSD student ID
- 2) During the exam, the following policies will be enforced:
 - Your seat will be randomized for each exam. When you enter the lecture on exam day, find your name and assigned seat number on the projector and quickly and quietly sit. Once everyone is seated, the exam will be handed out.
 - NO BATHROOM BREAKS after the first 45 minutes following the exam start. Be sure to use the restrooms before the exam begins. Exams are less than an hour and a half long! You can make it!!!
 - No hats, hoodies, or sunglasses during the exam.
 - Turn cell phones off during the exam and leave them in your bag.
- 3) Violations of academic integrity will not be tolerated. For this course in particular, violations include, but are not limited to anything that may be perceived as the following actions:
 - looking at or copying from other students' exams
 - talking during an exam while exams are still out
 - looking at notes during an exam
 - taking the wrong version of an exam
 - removing an exam from the examination room
 - removing pages from an exam
 - falsifying identification or an exam book during or after the exam
 - sitting in the wrong seat during an exam (if applicable)
 - using an unapproved device/item during an exam (ie: programmable calculator, cell phone, etc. - see above list)

Violation (or perceived violation) of any of the abovementioned policies will be enforced via zero tolerance, will result in an automatic zero on the exam/assessment in question, and may be referred to the student conduct process through the AIO office, so don't do anything that would even come close to something that an observer would potentially interpret as academic dishonesty. NO EXCEPTIONS.

Tentative Schedule of Topics (Subject to Change):

Weeks 1-2: Review of Deterministic Cash Flow Framework / Discounting and Asset Pricing / Advanced Cash Flow Concepts

Readings: [1]: Review 1-3, 5, Handout on Time Value of Money

Weeks 3-4: Capital Budgeting / Project Evaluation / Strategic Investments & Rents

Readings: [1] Review 4, 6-9, 13, 10, 11

Weeks 5-6: Corporate Governance, Agency Problems, Incentive Structures and Performance Metrics, Overview of Financing and Dividend Policy

Readings: [1] 12-16

Midterm Exam 5/9/23 in lecture

Weeks 7-8: Capital Structure, Debt vs. Equity Financing, and Modigliani-Miller

Readings: [1] 17-18

Weeks 9-10: Financing and Valuation

Readings: [1] 19

***Final Exam 6/12/23 from 11:30am-2:30pm (A00) and 6/15/23 from 7pm-10pm (B00)
location TBD***