

### COURSE INFORMATION

Course title:	Introductory Finance	Credits:	1.5
Course code:	BAFI 500	Class location:	HA 132
Session, term, period:	2021 W2	Class times:	Saturday, 8:30 am to 4:00 pm
Section(s):	300	Pre-requisites:	-
Course duration:	April 9, 30 and May 14, 2022	Co-requisites:	-
Division:	Finance		
Program:	PMBA		

### INSTRUCTOR INFORMATION

Instructor:	Jose Pizarro	Office location:	HA 351 – 7F
Phone:	604 827 5159	Virtual Office hours:	Thu. 5:00 -7:00 pm (See link in Canvas)
Email:	<a href="mailto:jose.pizarro@sauder.ubc.ca">jose.pizarro@sauder.ubc.ca</a>		

### COURSE DESCRIPTION

The course provides an introduction to finance fundamentals. This includes concepts such as the time value of money, interest rates, the functioning of capital markets, and capital budgeting. Students learn the basic structure of financial markets, of how companies acquire funds for investment as well as the basics of valuing projects, stocks, and bonds.

### COURSE FORMAT

Class time will be used for a combination of lectures, discussion, and solving sample problems. Lectures and discussions will assume that students have pre-read the class material.

### LEARNING OBJECTIVES

Students will develop an understanding of the following.

1. What are the basic features of capital markets and how are they used to finance investment.
2. What determines the value of an investment in a real asset?
  - a. How do we measure the costs and benefits of an investment?
  - b. How do we account for time and risk in evaluating costs and benefits?
3. How do stock and bond prices reflect investment decisions?
4. How are risk and return related?

### COURSE MATERIALS & REQUIREMENTS

**Required:** Corporate Finance, Fourth Canadian Edition, by Jonathan Berk, Peter DeMarzo and David Stangeland, Pearson Canada, 2019, **with myFinanceLab**.

myFinanceLab website: <https://www.pearson.com/mylab>

Course Name: BAFI 500 300 2022

Course ID: pizarro99620

COURSEWORK IN THE FINANCE CURRICULUM.ASSESSMENTS

*Summary*

<b>Component</b>	<b>Weight</b>
Assignment 1: Personal Balance	20%
Assignment 2: Quiz 1	15%
Assignment 3: Quiz 2	15%
Assignment 4: Bloomberg	10%
Assignment 5: Opinion Essay	10%
Final	30%
<b>Total</b>	<b>100%</b>

*Details of Assessments*

**Assignment 1: Personal Balance (20%)**

**Due date: May 8**

In this assignment, students will construct market value balance sheets for Nicola, who is 34 years old today. The balance sheet should be based on assumptions about Nicola’s current salary, how long Nicola plans to be employed and earn a salary, the average annual rate of growth of his Salary over her working life and the average annual rate of growth of house prices. See more details in Canvas.

**Assignment 2: Quiz 1 (15%)**

**Due date: April 19**

Quiz 1 will incorporate questions from Chapters 1 and 3 from the book (see course material before) and will be done in myFinanceLab (access instructions below).

**Assignment 3: Quiz 2 (15%)**

**Due date: May 22**

Quiz 2 will incorporate questions from Chapters 7, 8 and 10 from the book (see course material before) and will be done in myFinanceLab (access instructions below).

**Assignment 3: Bloomberg (10%)**

**Due date: April 30**

Bloomberg is an essential tool in financial markets and for many financial services careers. It provides market data on government bonds, corporate bonds, equities and many other types of securities as well as news. The goal of this assignment is to familiarize yourself with Bloomberg and to obtain a Bloomberg certification. More generally, I hope through this assignment you will familiarize yourself with a widely used data source that provides information on the corporation (Chapter 1) and the securities that corporations issue. The process through which corporations issue securities is covered in Chapters 23 and 24 of the textbook. The material in these chapters is optional and will not be covered in the exams or quizzes but provide an interesting background to finance in general.

This assignment requires you to complete the Bloomberg Market Concepts (BMC) course. I recommend that you get started on your Bloomberg assignment as early as possible.

**Assignment 5: Opinion Essay (10%)**

**Due date: May 28**

The student will discuss the article by Steve Denning entitled: “The Dumbest Idea in the World: Maximizing Shareholder Value.” (<https://www.forbes.com/sites/stevedenning/2011/11/28/maximizing-shareholder-value-the-dumbest-idea-in-the-world/#6c10a05c2287>). In this essay the student should express their thoughts on this topic, integrating the article with ideas discussed among the course, with a special focus on market efficiency. Any additional research performed by the student to enhance this analysis is welcomed.

**Final Exam (30%)**

**Due date: May 29**

The exam will cover the topics covered in the course, this is Chapters 1, 3, 4, 5, 7, 8, 10 and 11 from the book. A formula sheet will be provided.

**COURSE-SPECIFIC POLICIES AND RESOURCES**

*Missed or late assignments, and regrading of assessments*

Late submissions will not be accepted and will receive a grade of zero.

*Academic Concessions*

If extenuating circumstances arise, please contact the RHL Graduate School program office as early as reasonably possible, and submit an [Academic Concession Request & Declaration Form](#). If an academic concession is granted during the course, the student will be provided options by RHL, or by the instructor in consultation with RHL, per [UBC’s policy on Academic Concession](#).

**POLICIES APPLICABLE TO COURSES IN THE ROBERT H. LEE GRADUATE SCHOOL**

*Attendance*

Excepting extenuating circumstances, students are expected to attend 100% of their scheduled class hours. Absent students limit their own academic potential, and that of their classmates, and cause unnecessary disruption to the learning environment. Students missing more than 20% of the total scheduled class hours for a course (including classes held during the add/drop period) without having received an academic concession will be withdrawn from that course. Withdrawals, depending on timing, could result in a “W” or an “F” standing on the transcript.

*COVID-19 Policies for Attendance & Academic Concessions:*

If a student feels unwell, they should stay home and send a courtesy email to each impacted instructor and cc their program manager. The student should also submit an [Academic Concession Request & Declaration Form](#).

If a student suspects possible COVID-19 infection, they should use the BC Ministry of Health’s [self-assessment tool](#), to help determine whether further assessment or testing for COVID-19 is recommended. If a student is required to self-isolate (e.g., while waiting for test results), they should follow the steps above (stay home, email instructor(s) and program manager, submit an [Academic Concession Request & Declaration Form](#), and follow BC Health Guidance.

Students who are required to quarantine, should get in touch with their Program Manager to discuss the possibility of academic concessions for each impacted course. The Program Manager will work closely with your instructors to explore options for you to make up the missed learning.

*COVID-19 Safety in the Classroom:*

**Masks:** Masks are **required** for all indoor classes, as per the BC Public Health Officer orders. For our in-person meetings in this class, it is important that all of us feel as comfortable as possible engaging in class activities while sharing an indoor space. For the purposes of this order, the term “masks” refers to medical and non-medical masks that cover our noses and mouths. Masks are a primary tool to make it harder for COVID-19 to find a new host. You will need to wear a medical or non-medical mask for the duration of our class meetings, for your own protection, and the safety and comfort of everyone else in the class. You may be asked to remove your mask briefly for an ID check for an exam, but otherwise, your mask should cover your nose and mouth. Please do not eat in class. If you need to drink water/coffee/tea/etc, please keep your mask on between sips. Students who need special accommodation are asked to discuss this with the program office.

**Seating in class:** To reduce the risk of COVID-19 transmission, please sit in a consistent area of the classroom each day. This will minimize your contacts and will still allow for the pedagogical methods planned for this class to help your learning.

Visit the following website for the most recent updates regarding COVID-19 protocol on campus:  
<https://students.ubc.ca/campus-life/returning-to-campus>

*Punctuality*

Students are expected to arrive for classes and activities on time and fully prepared to engage. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving later than halfway through a scheduled class will be treated as absent for that class.

*Electronic Devices*

Devices such as laptops, tablets, and cell phones are not permitted to be used in class unless directed by the instructor for in-class activities. Students who do not follow the School’s policy in this regard may be required to leave the room for the remainder of the class, so that they do not distract others. Research shows that students’ use of laptops in class has negative implications for the learning environment, including reducing their own grades and the grades of those sitting around them.

*Citation Style*

Please use the American Psychological Association (APA) reference style to cite your sources. Details of the above policies and other RHL Policies are available at:

<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=12,199,506,1625>

**UNIVERSITY POLICIES AND RESOURCES**

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to access support are available on the UBC Senate website at <https://senate.ubc.ca/policies-resources-support-student-success>.

*Respect for Equity, Diversity, and Inclusion*

The UBC Sauder School of Business strives to promote an intellectual community that is enhanced by diversity along various dimensions including status as a First Nation, Metis, Inuit, or Indigenous person, race, ethnicity, gender identity, sexual orientation, religion, political beliefs, social class, and/or

disability. It is critical that students from diverse backgrounds and perspectives be valued in and well-served by their courses. Furthermore, the diversity that students bring to the classroom should be viewed as a resource, benefit, and source of strength for your learning experience. It is expected that all students and members of our community conduct themselves with empathy and respect for others.

### *Academic Integrity*

The academic enterprise is founded on honesty, civility, and integrity. As members of this enterprise, all students are expected to know, understand, and follow the codes of conduct regarding academic integrity. At the most basic level, this means submitting only original work done by you and acknowledging all sources of information or ideas and attributing them to others as required. This also means you should not cheat, copy, or mislead others about what is your work. Violations of academic integrity (i.e., misconduct) lead to the breakdown of the academic enterprise, and therefore serious consequences arise and harsh sanctions are imposed. For example, incidences of plagiarism or cheating may result in a mark of zero on the assignment or exam and more serious consequences may apply if the matter is referred to the President's Advisory Committee on Student Discipline. Careful records are kept in order to monitor and prevent recurrences.

### **COPYRIGHT**

All materials of this course (course handouts, lecture slides, assessments, course readings, etc.) are the intellectual property of the instructor or licensed to be used in this course by the copyright owner. Redistribution of these materials by any means without permission of the copyright holder(s) constitutes a breach of copyright and may lead to academic discipline and could be subject to legal action. Any lecture recordings are for the sole use of the instructor and students enrolled in the class. In no case may the lecture recording or part of the recording be used by students for any other purpose, either personal or commercial. Further, audio or video recording of classes are not permitted without the prior consent of the instructor. Students may not share class Zoom links or invite others who are not registered to view sessions.

### **ACKNOWLEDGEMENT**

UBC's Point Grey Campus is located on the traditional, ancestral, and unceded territory of the x<sup>w</sup>məθk<sup>w</sup>əyəm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

COURSE SCHEDULE

Date	Activity	Topics	Reading	Assignment
Saturday, April 9	<b>Class 1</b>	Introduction to Finance. Corporations and Corporate Finance. Capital Markets. Arbitrage and the Corporate Objectives.	Chapter 1 and 3	Start of Bloomberg Assignment
Wednesday, April 19	Quiz 1	Chapter 1 and 3		Quiz 1: MyFinance Lab
Saturday, April 30	<b>Class 2</b>	Time Value of Money, Interest Rates, Valuing Shares	Chapter 4, 5 and 7	
Sunday, May 8	Personal Balance	Personal Balance Assignment		Personal Balance Assignment
Saturday, April 30	<b>Class 3</b>	Share Valuation Models, Risk and Return	Chapter 8, 10 and 11	
Saturday, April 30	Bloomberg	Bloomberg Assignment		Bloomberg Assignment
Sunday, May 22	Quiz 2	Chapter 7, 8 and 10		Quiz 2: MyFinance Lab
Saturday, May 28	Opinion Essay	Opinion Essay "The dumbest...."		Opinion Essay
Sunday, May 29	Final			Final