
COURSE BAFI 500: Introductory Finance

Program: Professional MBA *Course Outline*

COURSE INFORMATION

Division: Finance

Term/period: 2021 Term 2

Instructor: Ron Giammarino

Email: giammarino@sauder.ubc.ca

Phone: (604) 822 8357

Office hours: Please email me and we will set up a time.

Teaching Assistant: Yingxiang Li

Email: yingxiang.li@sauder.ubc.ca

Credit value: 1.5

Section number: 300

Class meeting times: On Line

Course duration: April 17, May 1, and May 15

Classroom location: Zoom

Pre-requisites:

Tutorials / labs: none

Course website: <https://canvas.ubc.ca>

BRIEF COURSE DESCRIPTION

The course provides an introduction to finance fundamentals. Students learn the basic structure of financial markets, of how companies acquire funds for investment as well as the basics of valuing projects and companies.

COURSE GOALS & LEARNING OBJECTIVES

You 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

- Corporate Finance, Fourth Canadian Edition, by Jonathan Berk, Peter DeMarzo and David Stangeland, Pearson Canada, 2019, with myFinanceLab.
- myFinanceLab Website: (access instructions attached)

Other Learning Resources:

<http://www.pearsonmylabandmastering.com/northamerica/myfinancelab/>

Course Name: BAFI 500 PMBA 2021

Course ID: 15853

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ASSESSMENT SUMMARY

- Homework assignments 25% (grade based on best 4 of 5 quizzes):
 - Quizzes are posted on myfinancelab. You must register and sign on to the course in order to complete the assignments.
 - Quizzes can be attempted once, at any time prior to the final submission date.
 - You will have two hours to complete each quiz.
 - One attempt is allowed for each quiz any time before due date.
- Personal Balance Sheet (detailed below): 20%
- Bloomberg Assignment (see attached instructions): 10%
- Final Exam: 45%

ASSESSMENT DESCRIPTION

BEFORE OUR FIRST MEETING:

- Please review chapter 2 on accounting. We will not cover this material in class but I expect you to be comfortable with basic accounting statements.

Personal Balance Sheet:

To be submitted by midnight April 28th . You may be asked to present your answer to the Class.

- Construct market value balance sheets for Nicola who is 31---years---old today. Using the tools developed in Chapter 4 please compute the personal balance sheet, described below. This balance sheet must **be submitted through canvas by 11:59 PM on Wednesday, April 28th**. I will ask some of you to present your work to the class.

The balance sheet should be based on assumptions about the following:

- 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.
- The average annual rate of growth of house prices.

Assume Nicola will buy a house today. Financing will involve the following:

- She can borrow without making a down payment (i.e. 100% mortgage financed)
- Nicola will spend as much as the bank will give her under the following conditions:
 - She will use 32% of her (growing) pretax income every year to repay the loan.
 - The mortgage will be fully repaid with her final paycheck the day she retires.
 - The bank charges 4% interest on her mortgage.

Construct Nicola's Personal Balance Sheets (PBS) for the following dates:

- Today

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- 20 years from today
- On the date that Nicola retires.

The balance sheet should look something like the following

| Assets | Liabilities and Net Wealth |
|-------------------------------------|----------------------------|
| Human Capital (PV of future income) | Mortgage |
| Real Estate | Nicola's Net Wealth |

Make the required assumptions and any other assumptions you feel would make this interesting. The intent is to provide you with an opportunity to use the tools presented in Chapter 4 for a non-corporate decision that you might be interested in.

PROVISIONAL SCHEDULE

| Class# | CLASS TOPICS | ACTIVITIES / READINGS | ASSIGNMENTS / DELIVERABLES |
|----------------------------------|--|--|---|
| Friday April 16 | | Bloomberg Course, | Terminal Basics |
| Saturday April 17 8:30 – 4:00 | <ul style="list-style-type: none"> • Introduction • Corporations and Corporate finance • Capital Markets • Arbitrage and the Corporate Objective | Chapters 1 and 3 The Bloomberg Assignment Outline | |
| Wednesday April 28 | | Personal Balance Sheet | Submit Personal Balance Sheet by 11:59 PM via Canvas |
| Friday April 30 | | Chapter 4 Video on Chapter 4 Bloomberg Course | Chapter 4 Quiz due 11:59PM Last day for free access to Bloomberg on line |
| Sat. May 1 8:30 – 4:00 | <ul style="list-style-type: none"> • Time Value of Money | Personal Balance Sheet | Present Personal Balance Sheet |

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|---|---|--|---|
| | <ul style="list-style-type: none"> • Interest Rates • Valuing Shares | <p>Chapter 4</p> <p>Chapters 5 and 7</p> | |
| <p>Wednesday</p> <p>May 6</p> | | | <p>Quizzes for Chapters 3 and 5, are due by 11:59 PM</p> |
| <p>Saturday</p> <p>May 9</p> <p>8:30 – 4:00</p> | <ul style="list-style-type: none"> • Share valuation models • Risk and Return | <p>Chapter 8</p> <p>Chapters 10 and 11</p> | |
| <p>Sunday</p> <p>May 29</p> | | | <p>Quiz for Chapters 7, 8, 10, and 11 is due</p> <p>Last day to complete Bloomberg Course</p> |
| <p>Sunday</p> <p>June 6</p> | | <p>Final Exam</p> | |
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KEY REGULATIONS

Attendance: As per RHL Regulations on Professionalism, Attendance and Behaviour, students are expected to attend 100% of their scheduled classes. Students missing more than 20% of scheduled classes for reasons other than illness will be withdrawn from the course. Withdrawals, depending on timing, could result in a “W” or an “F” standing on a student’s transcript. Students must notify their instructors at the earliest opportunity if they are expected to miss a class due to illness. A medical note from a licensed, local doctor is required if more than 20% of scheduled classes for a course are missed due to illness. Students are required to notify the Student Experience Manager if they are absent from two or more classes due to illness.

Tardiness: As per RHL Regulations on Professionalism, Attendance and Behaviour, students are expected to arrive for classes and activities on time and fully prepared. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving halfway through a scheduled class, or later, will be treated as absent for that class.

Electronic Devices: As per RHL Regulations on Professionalism, Attendance and Behaviour, laptops and other electronic devices (cellphones, tablets, personal technology, etc.) are not permitted in class unless required by the instructor for specific in-class activities or exercises. Cellphones and other personal electronic devices must be turned off during class and placed away from the desktop. Students who fail to abide by the RHL “lids down” policy will be asked to leave the room for the remainder of the class. Research has shown that multi-tasking on laptops in class has negative implications for the learning environment, including reducing student academic performance and the performance of those sitting around them.

ACADEMIC MISCONDUCT

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All UBC students are expected to behave as honest and responsible members of an academic community. Failure to follow appropriate policies, principles, rules and guidelines with respect to academic honesty at UBC may result in disciplinary action.

It is the student's responsibility to review and uphold applicable standards of academic honesty. Instances of academic misconduct, such as cheating, plagiarism, resubmitting the same assignment, impersonating a candidate, or falsifying documents, will be strongly dealt with according to UBC's procedures for Academic Misconduct. In addition to UBC's Academic Misconduct procedures, students are responsible for reviewing and abiding by RHL's policy on Academic Integrity.

STANDARD REFERENCE STYLE

The Robert H. Lee Graduate School uses American Psychological Association (APA) reference style as a standard. Please use this style to cite sources in your work unless directed to use a different style.

LATE ASSIGNMENTS

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

Student Registration Instructions

To register for **BAFI 500 PMBA 2021**:

1. Go to <https://www.pearson.com/mylab>.
2. Under Register, select **Student**.
3. Confirm you have the information needed, then select **OK! Register now**.
4. Enter your instructor's course ID: [giammarino15853](#), and **Continue**.
5. Enter your existing Pearson account **username** and **password** to **Sign In**.
You have an account if you have ever used a MyLab or Mastering product.
 - » If you don't have an account, select **Create** and complete the required fields.
6. Select an access option.

- » Enter the access code that came with your textbook or that you purchased separately from the bookstore.
- » If available for your course,
 - Buy access using a credit card or PayPal.
 - Get temporary access.

If you're taking another semester of a course, you skip this step.

7. From the You're Done! page, select **Go To My Courses**.
8. On the My Courses page, select the course name **BAFI 500 PMBA 2021** to start your work.

To sign in later:

1. Go to <https://www.pearson.com/mylab>.
2. Select **Sign In**.
3. Enter your Pearson account **username** and **password**, and **Sign In**.
4. Select the course name **BAFI 500 PMBA 2021** to start your work.

To upgrade temporary access to full access:

1. Go to <https://www.pearson.com/mylab>.
2. Select **Sign In**.
3. Enter your Pearson account **username** and **password**, and **Sign In**.
4. Select **Upgrade access** for **BAFI 500 PMBA 2021**.
5. Enter an access code or buy access with a credit card or PayPal.

Bloomberg Assignment

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 Chapter 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 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.

This Bloomberg Assignment counts for 10% of your overall course grade. If you complete all the modules and questions before the deadline, the assignment grade will be equal to the average grade of your Bloomberg Market Concepts grade in each module. If, for whatever reason, you were late in completing any part of the Bloomberg Assignment or you did not complete all tasks by the due date, you will only receive a partial grade. You are expected to complete the assignment on your own. If you have completed this course before, you may either retake the course, or use the grade from your previous take. Please remember to enter the corresponding class code to receive a grade. The deadline for the complete assignment is **April 30, 2021**, and the deadline for the module **Terminal Basics** is **April 16, 2021**.

About Bloomberg

PRIVACY NOTICE: UBC Library makes Bloomberg available for you for your convenience. Please be advised that the personal information you disclose when creating an account is stored on servers located in the United States. UBC does not collect and use student data that you provide to Bloomberg, unless you are registered and complete a BMC module as part of your course work. Upon course completion a report is generated and sent to your instructor with your grade. We do not retain this information.

Your creation and use of a *personal log-in ID for Bloomberg* is an implicit acknowledgement that you have read, and agree with, this notice.

A UBC Student Email is required for signing up for a BMC account and requesting access to Bloomberg terminal. Active UBC students will receive a cwl@student.ubc.ca address and mailbox. More information on the CWL ID is provided [here](#).

Bloomberg for Education will not delete your information, and the BMC account does not expire. Students can ask Bloomberg to delete the account and their personal information by emailing Bloomberg for Education at bbg.edu@bloomberg.net.

Remote Access

The BMC course can be taken either online or on a Bloomberg terminal. If you would like to take the course by **April 30, 2021**, it is totally free both online and on a Bloomberg terminal. After **May 1, 2021**, non-terminal access is USD \$149, but continues to be free on a Bloomberg terminal.

Please follow the instructions below to sign up for an account. There might be changes to the details of the instructions, and the most updated ones are available on the [CLC: Online](#) or [myBCom page](#). The video tutorial regarding this remote access is also available on the [CLC: Online](#), which is a Canvas course, and all the Sauder students should have been automatically enrolled. If not, please search this course on Canvas.

Bloomberg Market Concepts Course (BMC)

1. Go to <https://portal.bloomberforeducation.com/login>.
2. Sign up a learner account using your UBC email address ending with **student.ubc.ca**.
3. Choose "Yes" to the question "Are you taking BMC as part of a group (e.g. university class or new hire group at a bank)?", and enter the class code **S9HLN6KBY4**.
4. Click "Checkout". If you are interested in only taking the course on the website, you may stop here. Otherwise, please continue.
5. Once you have successfully signed up for a Bloomberg terminal account following below instructions for Bloomberg Terminal account registration, type "BMC" on command line and hit "GO".
6. Sign in to you BMC account and start the course.

Bloomberg Terminal

In addition to the overview provided through the BMC course, we have arranged for you to have access to the 'Bloomberg Terminal'. The terminal allows you to make specific inquiries about specific companies. For instance you can produce a list of the largest shareholders of Telus Corp or a list of the bonds issued by The Royal Bank of Canada. Fei Song, the Investments Lab Coordinator at UBC, has kindly agreed to provide an in-class tutorial on the terminal during our first meeting.

Accessing the terminal requires a different account and login that accessing BMC. The instructions are provided below.

1. Click "Terminal Access" on the top of the page <https://portal.bloomberforeducation.com/courses>.
2. The request will be approved within two business days. If your request for "Terminal Access" were not approved within two business days, this means the CLC will need more information to proceed - please contact the Investment Labs Coordinator, Fei Song, at fei.song@sauder.ubc.ca, with your name, **student number**, and your UBC email address.
3. Once the request is approved, please login on <https://portal.bloomberforeducation.com/login>.
4. Enter your mobile phone number. Click "Next".
5. Select a verification method. Click "Next".
6. Enter the verification code. Click "Next".
7. Create a password. Click "Create Account".
8. Go to <https://www.bloomberg.com/canada>.
9. Click "Bloomberg Anywhere Remote Login" on the top of the page.
10. Enter your Login name and Password. Click "Log In".
11. Choose how you would like to receive the validation code. Click "Send".
12. Enter the code you have received. Click "Submit".
13. Select either "Launch just the Bloomberg Terminal" or "Launch with the Bloomberg Excel add-in".
14. Click either "Launch with Citrix Receiver" or "Launch within the browser".
15. If you would like to download Citrix Receiver, please note that no work email or server address is needed for this process. The link should be <https://bba.bloomberg.net/Status/RedirectToInstall>.

Please contact the Investment Labs Coordinator at fei.song@sauder.ubc.ca for any technical questions.

Some useful functions:

<OWN>: Ownership Summary

<HDS>: Security Ownership

<TRA>: Total Return Analysis

<HP>: Historical Price Table

<CAST>: Capital Structure

<EQS>: Equity Screening