



Syllabus for GB 4052: Finance

Graduate School of Business and Public Policy
Naval Postgraduate School

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Office Hour: By appointments or after class.

Fall 2015 (AY 2016)
Class location: Ingersoll 323
Website: <https://cle.nps.edu>
Office: Ingersoll 316

Please prefix your subject line with “GB4052” when sending me an email. I will give priority to these emails.

Course Format

We will meet for 30 hours during this quarter. Please refer to the course schedule for detail. **NOTE: DL class only meets ONCE a week.**

Meeting time and final exam:

Segment	Meeting time (notice the change from registrar)
1	M & W: 1500-1650
2	M & W: 1300-1450

Final Exam: Dec 17, 2016. 1300 – 1450. IN-260.

Overview

Welcome to your first year MBA core course in Finance. The objective of this course is to provide students with an understanding of the basic concepts of finance: how to price a good under different time and risk factors.

By the end of the course, the students should be able to (learning objective / course objective):

1. Analyze DoD policy utilizing financial techniques.
2. Solve complex financial problems utilizing the tools and concepts developed in the time value of money, capital budgeting, asset pricing and risky financial environment.
3. Employ time value of money to increase present value and reduce unnecessary risks by diversifying portfolio of projects and assets.
4. Evaluate projects by utilizing tools used in private "for profit" industries such as capital budgeting and assessing pricing tools.

The course can be roughly divided into 3 parts. First part deals with time value of money and applying the tools learned from time value of money to making financial decisions and in pricing financial securities such as bonds and common stocks. Second part of the course incorporates the tools you have learned in statistics and focus on understanding risk and how to price goods under uncertainty. Unlike the first part, by introducing risk, we learn how to minimize risk as well as portfolio theory. The last part, depending on the speed of the course and interest, will focus on modern topics of finance: e.g. option pricing, auction or market design, Federal Reserve system, etc.

NOTE: For DL class, you probably have to spend little more time teaching basic stats, so wont have much time (if any) for the modern topics portion.

Public Policy, Public Administration and Business Administration Goal: It goes without saying that understanding how to price (budget, invest, etc) across time and risk factors makes you a better steward for your organization. Whether you're in a private or public sector, you will be faced with borrowing, lending, investing, and evaluating the finances of a project. One cannot properly execute those tasks without a solid understanding of finance.

Prerequisite

Officially, GB 3050 Financial Reporting and Analysis. Unofficially, class will be mostly self-contained. College algebra is required: finding a slope of a line, solving a system of equations, computing averages, percentages, etc. Having background in undergraduate level microeconomics, and statistics will be a plus. Please see the mathematics and statistics handout for review of mathematics skill set that is considered a prerequisite.

Textbook

Required

1. Principles of Corporate Finance by Brealey, Myers and Allen. (10th edition).
Note: Mostly for reference and homework. This book will give you a broad overview of corporate finance and is one of the main textbook used for MBA programs.

Grading

Put in your grading structure here: mixture of exams, homework, etc. You have large flexibility in determining the grading structure.

Class leader

Most senior person will be the designated as a class leader. Class leader does not have an official duty. The class leader is more of a liaison whom the students may use to facilitate communication between us. Of course, a student may raise individual comments or concerns. Class leader is just another means you may utilize.

Note: I use class leader but that is up to you.

Schedule Overview

These are tentative topics to be covered in this course subject to minor changes.

		Date	Primary Topic	Secondary Topic
1	M	Sep 28	Course Overview	Present Value (CH 2)
2	W	Sep 30	Present Value (CH 2)	
3	M	Oct 5	Present Value (CH 2)	NPV (CH 2 & 5)
4	W	Oct 7	NPV & Interest rates (CH 2 & 5)	
5	M	Oct 12	Columbus Day	
6	W	Oct 14	Bonds (CH 3)	
7	M	Oct 19	No Class	
8	W	Oct 21	Bonds (CH 3)	
9	M	Oct 26	Bonds (CH 3)	Common Stocks (CH 4)
10	W	Oct 28	No Class	
11	M	Nov 2	Common Stocks (CH 4)	
12	W	Nov 4	Common Stocks (CH 4)	
13	M	Nov 9	Risk Part I (CH 7)	
14	W	Nov 11	Veteran's Day	
15	M	Nov 16	Risk Part I (CH 7)	
16	W	Nov 18	Risk Part II (CH 8)	
17	M	Nov 23	Risk Part II (CH 8)	
18	W	Nov 25	No Class	
19	M	Nov 30	Efficient Markets (CH 13)	
20	W	Dec 2	Options (CH 20)	
21	M	Dec 7	Options (CH 21)	Course Recap
22	W	Dec 9	No Class	

09/28/2015