



NYU | STERN

Syllabus: Corporate Finance

FINC-GB.2302

Fall 2021

Schedule:	Tuesdays, 6:00-9:00pm
Location:	Virtual (Zoom)
Instructor:	Philipp Schnabl Martin J. Gruber Professor in Asset Management & Professor of Finance
E-mail:	schnabl@stern.nyu.edu
Office:	KMC 9-60
Zoom Office hours:	After class
In-person Office hours:	By appointment (email me)
Teaching Assistant:	TBA
Email:	TBA
Office hours:	TBA
Course website:	NYU Classes

Course description:

This is an introductory course in corporate finance. The course has three main objectives: 1) Develop an understanding of the tools that are used to value investment projects and companies (valuation). 2) Understand the basic issues involved in how firms should raise funds for their real

investments (financing). 3) Evaluate how investment and financing decisions are related. Emphasis will be placed on appreciating the limitations and challenges that are faced when applying the theoretical framework of corporate finance to real world problems.

Prerequisites:

The prerequisite for this class is a passing grade in Foundations of Financial Markets. Therefore, it is expected that students will be comfortable with the following topics: time value of money, discounted cash flow analysis, risk-return trade-off, diversification, valuation of bonds and stocks, Capital Asset Pricing Model (CAPM).

Lecture format:

Please check NYU Classes on a regular basis. All communication will take place online.

Online Lectures:

The course will be taught online. You can access the lectures via NYU classes. Please make sure to be logged into your NYU Zoom account. All classes will be recorded and are available on NYU classes.

Course Material:

Lecture Notes (required):

We will use lecture notes. I will post lectures notes as we go along. The lecture notes contain gaps in material which we will fill out together in class.

Textbook (recommended, but not required):

The lecture notes are self-contained. Thus, no textbook is required. For those of you who wish to use a textbook in addition to the class notes, I recommend that you use

Brealey, R. A., Myers, S. C., and F. Allen, 2017, *Principles of Corporate Finance*, 12th edition, McGraw-Hill. (BMA)

You can also use earlier editions of the textbook. The lecture notes are mostly based on this book. The relevant chapters are indicated in the course schedule. This textbook can be used as

background reading for those of you who wish to read ahead of the lecture or dig deeper into the material. *However, in terms of the questions that will be asked in the exams, all the relevant material is contained in the lecture notes.*

As an alternative, you can also use an online textbook:

Welch, Ivo, *Corporate Finance*, 4th Edition, 2014. (W)

The textbook is available free of charge on the author's website at <http://book.ivo-welch.info/home/>.

Staying up to date:

I will share articles in the financial press that complement the lectures. You should also follow financial and economic news in *The Wall Street Journal*, *The Financial Times*, *The New York Times*, *The Economist*, and *Bloomberg*. If you run across an interesting article that you would like to share with the class, please email me the article.

Calculator:

Please have a calculator during class. There are no restrictions regarding the type of calculator you may use. Any calculator in which you can compute powers like x^y will do the job.

Problem Sets:

We will have seven problem sets throughout the semester. The problem sets are an integral part of the class. They are intended to help you understand the lectures and prepare yourself for the type of questions asked in the exams. I strongly advise you to complete the problem sets. If you wait until the exam, you will likely find it difficult to fully understand the material and will likely take away less from the class once it's over.

Midterm and Final:

The mid-term and final are held during class time. The dates are:

Midterm:	TBA
Final:	TBA

Both exams are open book: You can bring your lecture notes, problem sets, and personal notes, as well as a calculator. No other material though.

Grading:

Midterm: 25%

Final: 45%

Participation: 30%

Following departmental guidelines, I grade on a curve with an approximate grade distribution of: 10% A's, 10-15% A-'s, 10% B+'s, 50-60% B's and B-'s, and 10-15% C+'s or below.

Course Schedule:

The class is divided in 7 topics. We need about 1-2 class sessions for each topic.

Topic	Lecture Notes	BMA Chapter (12th Edition)	W Chapter (4th Edition)
Valuation			
Net Present Value	1	2.1-2.4	2, 3
Rules for Making Investment Decisions	2	5.1-5.4, 6.3	4.1-4.2, 4.4
Real Options	3	10.4, 22.2-22.4	12.6
Cash Flows	4	6.1-6.3, 10.2	14
Diversification, CAPM, and Cost of Capital	5	8.2-8.3, 9.1-9.3	9
Financing			
Capital Structure	6	17.1-17.4, 18.1-18.3	16, 17, 18.1-18.2
Valuation & Financing			
Capital Structure and Investment Decisions	7	19.1-19.4	19

The course schedule is subject to change (please follow the announcements in class).