



FI410 Corporate Finance (Online)

Instructor Information	Fangzhou Liu Home Institution: Shanghai University of Finance and Economics Email: liu.fangzhou@mail.shufe.edu.cn		
Term	June 27, 2022 - July 22, 2022	Credits	4 units
Course Delivery	The class will be delivered in the format of online. Other than recorded lecture videos, the instructor will arrange 4 hours' real-time interactions with students per week (via Tencent Meeting and WeChat group). The workload students are expected to complete to properly pass this course is about 10-15 hours per week.		
Required Texts (with ISBN)	Jonathan Berk and Peter DeMarzo - Corporate Finance, 4 th edition, Pearson. (ISBN 9781292160160)		
Prerequisite	Students are expected to have a thorough knowledge of all material covered in an introductory finance course.		



Course Overview

This course presents the foundations of finance with an emphasis on applications vital for corporate managers. We discuss most of the major financial decisions made by corporate managers both within the firm and in their interactions with investors. Essential in most of these decisions is the process of valuation, which will be emphasized throughout the course. Topics include criteria for making investment decisions, valuation of financial assets and liabilities, relationships between risk and return, capital structure choice, payout policy, the effective use and valuation of derivative securities (futures, options, and convertible securities), and risk management.

Learning Outcomes

After successfully completing this course you should be able to:

1. Determine the optimal capital structure for a firm.
2. Estimate a firm's weighted average cost of capital under classical system, and analyze the relationship between capital structure, the cost of capital and value.
3. Perform an internally consistent corporate valuation using the discounted cash flow approach.
4. Evaluate equity financing options.
5. Estimate the impact on a firm's cash flows from implementing a risk management policy using options contracts and estimate the intrinsic value of those contracts.
6. Identify real options which are likely to affect firm value and perform a real options valuation.
7. Analyze whether a proposed corporate transaction is in the best interests of the firm's shareholders.

Grading Policy

Mid-term Exam	20%
Case Study	30%
Final Exam	50%

Grading Scale is as follows

Number grade	Letter grade	GPA
90-100	A	4.0
85-89	A-	3.7
80-84	B+	3.3
75-79	B	3.0
70-74	B-	2.7
67-69	C+	2.3
65-66	C	2.0
62-64	C-	1.7
60-61	D	1.0
≤59	F (Failure)	0



Class Schedule

Date	Lecture	Readings	Online Teaching Arrangement
Day 1	Course overview, Net Present Value, and Arbitrage	Chapter 1&3&4	approximately 60 minutes pre-recorded video lectures plus 45 minutes online interaction via Zoom
Day 2	Time Value of Money	Chapter 3&4	approximately 60 minutes pre-recorded video lectures plus 45 minutes online interaction via Zoom
Day 3	Interest Rates	Chapter 5	approximately 60 minutes pre-recorded video lectures plus 45 minutes online interaction via Zoom
Day 4	Discounted Cash Flow (DCF) Analysis, Capital Budgeting	Chapter 7&8	approximately 60 minutes pre-recorded video lectures plus 45 minutes online interaction via Zoom
Day 5	Discounted Cash Flow (DCF) Analysis, Capital Budgeting	Chapter 7&8	approximately 60 minutes pre-recorded video lectures plus 45 minutes online interaction via Zoom
Day 6	Capital Structure I: Optimal capital structure in a perfect capital market	Chapter 14	approximately 60 minutes pre-recorded video lectures plus 45 minutes online interaction via Zoom
Day 7	Capital Structure II: Optimal capital structure with taxes;	Chapter 15	approximately 60 minutes pre-recorded video lectures plus 45 minutes online interaction via Zoom
Day 8	Capital Structure III: Optimal capital structure with financial distress costs	Chapter 16	approximately 60 minutes pre-recorded video lectures plus 45 minutes online interaction via Zoom
Day 9	Mid-semester Exam Review	Chapter 1,3, 4, 5, 7, 8, 12, 14, 15, 16	
Day 10	Mid-semester Exam	N/A	
Day 11	Payout Policy: Modigliani-Miller, taxes, managers' incentives for setting dividends, dividends as signals of firms' prospects	Chapter 17	approximately 60 minutes pre-recorded video lectures plus 45 minutes online interaction via Zoom
Day 12	Fixed Income Securities	Chapter 6	approximately 60 minutes pre-recorded video lectures plus 45 minutes online interaction via Zoom



Day 13	Fixed Income Securities	Chapter 6	approximately 60 minutes pre-recorded video lectures plus 45 minutes online interaction via Zoom
Day 14	Valuing Stocks	Chapter 9	approximately 60 minutes pre-recorded video lectures plus 45 minutes online interaction via Zoom
Day 15	Valuing Stocks	Chapter 9	approximately 60 minutes pre-recorded video lectures plus 45 minutes online interaction via Zoom
Day 16	Valuing Stocks, CAPM	Chapter 9 & 11	approximately 60 minutes pre-recorded video lectures plus 45 minutes online interaction via Zoom
Day 17	CAPM	Chapter 10&11	approximately 60 minutes pre-recorded video lectures plus 45 minutes online interaction via Zoom
Day 18	CAPM	Chapter 10&11	approximately 60 minutes pre-recorded video lectures plus 45 minutes online interaction via Zoom
Day 19	Final Exam Review	Chapter 1, 3-11, 14-17	
Day 20	Final Exam	N/A	