Financial Management

Course Name	Course type (credit/hours)	Required course(3/3)	Course code	1059
	Target students Division/major/grade	Financial Engineering/Sophomore	Opening semester	2015 2ND SEMESTER
	Class time and classroom	Mon C(JH104)Wed C(JH104)	English Grade	A(100%English)
Reference to this course	Prerequisite courses	Introduction to Financial Economics		
	Related basic courses	College Mathematics, Introduction to Statistics		
	Recommended concurrent courses	Money, Banking and Investment		
	Related advanced courses	Investments, Introduction to Fixed Income Securities		

Instructor	Name (title/division)	Yoo, Jae-in(Assistant Professor, Financial Engineering)				
	Office Room Number	다산관407-1호	Office phone Number			
	Office hours	TBA		Homepage address		
Teaching Assistant	Name (title/division)					
	Office Room Number		Office phone Number		e-mail	

1. Introduction

The course will be divided into three parts. The first part is an overview of the financial system and its role in the macroeconomy. We will develop fundamental concepts of the time value of money in a money/credit market. In the middle part of the course, we discuss various theories explaining the structure of the financial market, stressing the behavior of market participants according to the return and risk. Our discussion will include portfolio theory, efficient market hypothesis, and the capital asset pricing model. The final third of the course focuses on the delivery of the funds to a firm and its impact on the valuation of a firm such as equity financing and debt financing.

2. Course Objectives

At the end of the semester, the student will be able to provide an overview of the financial system, to explain the value of money and to use simple models to predict investors' decision. In the middle of the second section, the student is to explain how the behavior of participants influence the structure of the financial market, and how asymmetric information impacts the efficacy of the market system. Our discussion may include the economic events of the past few years, such as the problems in the subprime mortgage crisis and European financial crises. At the end of the final section, the student will understand the cost of capital, capital structure, and its impact on the value of the firm.

3. Class types and activities

I will use E-class extensively during the semester and will post announcements, lecture notes, and newspaper articles. Also I will post sample exams with answers to help with your exam preparation. We are covering many of the chapters in the book. It is a lot of material and, over the course of the semester, I will be specific about what materials is subject to examination. The homework assignment is designed to ensure that students know how to access and graph basic macroeconomic/financial data and interpret financial information from various sources.

4. Teaching Method

- [V] lecture
- [V] discussion and debate
- [V] team project(presentation and case studies)
- [ ] experiments(role-playing,etc)
- [ ] designing and production
- [ ] on-site learning(on-site training)
- [ ] others

5. Support Systems in Use

- [V] e-class
- [ ] automatic recording system
- [V] web-based assignment
- [ ] cyber lecture
- [ ] blended learning(combination of online and offline teaching)
- [ ] class behavior analyzing system
- [ ] others

6. Teaching Tools

- [V] PBL(Problem Based Learning)
- [V] CBL(Case Based Learning)
- [V] TBL(Team Based Learning)
- [ ] UR(Undergraduate Research)
- [ ] others

7. Knowledge and ability required for taking this course

We will not study the basic mathematics and statistics in great detail in a financial mathematics course. Mastery of material covered in mathematics and introduction to economics is assumed.

8. Method of Evaluation

Evaluation Item	The Number of Times	Evaluation Proportion	Remarks
Attendance	5	5	1% each for five selected dates
midterm exam	1	25	Cumulative
final exam	1	35	Cumulative
quiz	2	10	5% for each. Dates TBA
presentation			
discussion			
homework	4	10	My finance lab exercise questions
etc	4	15	Term paper on a financial plan of a business
study hours			

9. Textbook and supplementary material

Main/Sub	Title (Web-site)	Writer	Publisher	Publication year
Main	Corporate Finance, Third Edition (Global edition)	Berk, J., DeMarz, Peter	Pearson	2013
Ref.	Corporate Finance Essentials	Ross, Westerfield, Jordan	McGraw Hill	2007
Main	Corporate Finance	Jonathan Berk and Peter DeMarzo	Prentice Hall	

10. Class system and Class shedule

The discussion of the reference will be covered based on class handouts. You may refer to the main chapters of

1. Mishikin, F.S. [2010]. The Economics of Money, Banking, and Financial Markets, Business School Edition, second edition, Addison-Welsley.

2. Mankiew, Gregory N. [2011]. Principles of Macroeconomics, sixth edition, South-Western College Pub.

Earlier editions are acceptable.

< Class Schedule >

* language : K-korean, E-English

Weeks	Topics	language	Instructor	Teaching Method	Evaluation Method	Matter to be prepared
1	Introduction to the Financial Market	E	Yoo, Jae-in	Lecture		
2	Understanding the Interest Rates	E	Yoo, Jae-in	Lecture		
3	The Algebra of Finance: The Time Value of Money 1	E	Yoo, Jae-in	Lecture		
4	The Algebra of Finance: The TIme Value of Money 2	E	Yoo, Jae-in	Lecture		
5	Capital Budgeting 1: Net Present Value	E	Yoo, Jae-in	Lecture		
6	Capital Budgeting 2: Internal Rate of Return	E	Yoo, Jae-in	Lecture		
7	Bond Market	E	Yoo, Jae-in	Lecture		
8	Midterm Exam	E	Yoo, Jae-in	Lecture		
9	Equity Market	E	Yoo, Jae-in	Lecture		
10	Stock Valuation	E	Yoo, Jae-in	Lecture		
11	The Capital Asset Pricing Model	E	Yoo, Jae-in	Lecture		
12	Efficient Market Hypothesis	E	Yoo, Jae-in	Lecture		
13	Statistical Analysis on EMH and CAPM	E	Yoo, Jae-in	Lecture		
14	Capital Structure 1	E	Yoo, Jae-in	Lecture		
15	Leverage	E	Yoo, Jae-in	Lecture		
16	Final Exam	E	Yoo, Jae-in	Lecture		

11. Other items of notification

1. A homework is mostly based on application of theories on real examples. A schedule for a lab of Excel is to be announced.

2. A textbook + My finance lab package is required