

**Financial Modeling** (FIN 340)
**spring 2016**

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| **Time** | **Days** | **Location** |
| 12:00-1:00 pm | Sun, Tue, and Thurs | CBA 308 |

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| **Instructor:** | Yaqoub Baqer Alabdullah  |
| **Office:** | Finance Department – College of Business Administration |
| **Phone:** | 24988479 |
| **e-mail:** | ybaqer@cba.edu.kw (This is my preferred form of communication). |
| **Office Hours:** |

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| 11:00 am – 12:00 pm Sundays, Tuesdays, and Thursdays or by appointment. |

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| **Text:** | Financial Modeling Simon Benninga. 4th Edition.  |
| **Other Materials:****Website:****Twitter:****TA:****MyU:****Prerequisites:** | You should bring your laptop to every class. Your laptop should have Microsoft Excel installed in it. I prefer Windows, not an Apple laptop. Financial calculator is not required since we will do all of our calculations using Excel.[www.ybaqer.com](http://www.ybaqer.com) Check the website for updates, announcements, and materials.Follow @Fin340Ybaqer for latest updates and announcements.TBAI’ll be using MyU application throughout the semester. Please download it on your smart mobile device.ACT 111, QM 120, ENG 115, FIN220, and FIN327. Therefore I expect that you have a good understanding of the various financial statements as well as an understanding of some of the basic elements of finance and statistics. |
| **Overview**: | This course is devoted to teaching the students how to use the versatile capabilities provided by Excel to construct financial models of risk, return and valuation, as well as the construction of portfolios. Students will be exposed to examples and applications in basic principles of Finance, as well as applications primarily in Corporate Finance and Investment and Portfolio Management.This is not a “how to” course. This is a “why do” course. By way of analogy, think of the set of plans for a building. Both an architect and a draftsman can read the plans and even copy the plans with minor changes. But an architect can do more than a draftsman can do. When it is time to design a completely new building that responds creatively to the needs of the client and the context of the built and natural environment, you want an architect. I am here to train financial architects—not draftsmen. Please do not expect to learn a cookbook of formulas that you plug numbers into. (Now that we have macros in Excel, no one will pay a salary for that skill.) Expect to learn a few simple, but powerful, intuitions and be able to apply them creatively to a variety of new situations. Finance is such a rapidly changing area that you would be poorly served with a set of rote formulae—such knowledge would be rapidly obsolete. |
| **Expectations** I expect every student to read the chapter before and after the class. I do not expect you to depend on Excel workbooks that we do in class for your studying. I expect you to attend each class and participate in discussions. I expect you to do your assignments on time and attend the tutorials.  |
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| **Assignments****Attendance****Exams** | You will have several assignments throughout the semester. They are due one week from the day they are given to you. The assignments are a big part of this class. They represent 20% of your total grade.Attendance is required. There is a 5% grade towards attendance and participation. I will follow the University’s rules and regulations with regards to warnings. There will be three midterms and a final. The exams are going to be open-book. The dates of the exams are as follows:

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| **Tue** | **23/2/2016** | **Midterm 1 (Chapters TBA)** | **note: time and place TBA** |
| **Tue** | **22/3/2016** | **Midterm 2 (Chapters TBA)** | **note: time and place TBA** |
| **Tue** | **19/4/2016** | **Midterm 3 (Chapters TBA)** | **note: time and place TBA** |
| **Tue** | **10/5/2016** | **Final (comprehensive)** | **note: The exam will be from 8-10 am in a place TBA** |

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**Grading** I follow the University’s rules and regulations with regards to grading as shown in this table:

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| GRADES Scale |
| Letter Grade | % | 4-point scale |
| A | 95-100 | 4 |
| A- | 90-94 | 3.7 |
| B+ | 87-89 | 3.3 |
| B | 83-86 | 3 |
| B- | 80-82 | 2.7 |
| C+ | 77-79 | 2.3 |
| C | 73-76 | 2 |
| C- | 70-72 | 1.7 |
| D+ | 65-69 | 1.3 |
| D | 60-64 | 1 |
| F | <60 | 0 |

 As for your grade breakdown, it will be as follows:

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| **3 midterms** | **45%** |
| **Final exam** | **40%** |
| **Attendance and participation** | **5%** |
| **Assignments** | **20%** |
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| **Total** | **110%** |

There is a **NO CURVE** policy in this course. However, you have a 10% bonus grade as shown in the grade breakdown. Plus, each midterm will have bonus questions. So a curve is not needed.

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| **Honor Code** | Academic dishonesty is an offense against the University and other students in the class. Any student who has committed an act of academic dishonesty has failed to meet a basic requirement of satisfactory academic performance. Thus, academic dishonesty is not only a basis for disciplinary action but also is relevant to the evaluation of the student’s level of performance. When there has been an act of academic dishonesty in this course, I will assign a failing grade for the course, without exception. If you have any further questions regarding University policy regarding academic honesty, please see your academic advisor or other University official.  |
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| **Course Schedule\*** |
| Sun | 24/01/2016 | Introduction to the course  |
| Tue | 26/01/2016 | Chapter 33: Excel Functions  |
| Thu | 28/01/2016 | Chapter 31: Data Tables |
| Sun | 31/01/2016 | Chapter 1: Basic Financial Calculations |
| Tue | 02/02/2016 | Chapter 1: Basic Financial Calculations |
| Thu | 04/02/2016 | Chapter 1: Basic Financial Calculations |
| Sun | 07/02/2016 | Chapter 1: Basic Financial Calculations |
| Tue | 09/02/2016 | Chapter 1: Basic Financial Calculations |
| Thu | 11/02/2016 | Chapter 2: Corporate Valuation Overview |
| Sun | 14/02/2016 | Chapter 2: Corporate Valuation Overview |
| Tue | 16/02/2016 | Chapter 3: Calculating the Weighted Average Cost of Capital (WACC) |
| Thu | 18/02/2016 | Chapter 3: Calculating the Weighted Average Cost of Capital (WACC) |
| Sun | 21/02/2016 | Chapter 3: Calculating the Weighted Average Cost of Capital (WACC) |
| Tue | 23/02/2016 | **Exam 1** |
| Thu | 25/02/2016 | Chapter 32: Matrices |
| Sun | 28/02/2016 | Chapter 32: Matrices |
| Tue | 01/03/2016 | Chapter 5: Pro Forma Financial Statement Modeling |
| Thu | 03/03/2016 | Chapter 5: Pro Forma Financial Statement Modeling |
| Sun | 06/03/2016 | Chapter 5: Pro Forma Financial Statement Modeling |
| Tue | 08/03/2016 | Chapter 5: Pro Forma Financial Statement Modeling |
| Thu | 10/03/2016 | Chapter 5: Pro Forma Financial Statement Modeling |
| Sun | 13/03/2016 | Chapter 5: Pro Forma Financial Statement Modeling |
| Tue | 15/03/2016 | Chapter 8: Portfolio Models - Introduction |
| Thu | 17/03/2016 | Chapter 8: Portfolio Models - Introduction |
| Sun | 20/03/2016 | Chapter 8: Portfolio Models - Introduction |
| Tue | 22/03/2016 | **Exam 2** |
| Thu | 24/03/2016 | Chapter 9: Calculating Efficient Portfolios |
| Sun | 27/03/2016 | Chapter 9: Calculating Efficient Portfolios |
| Tue | 29/03/2016 | Chapter 9: Calculating Efficient Portfolios |
| Thu | 31/03/2016 | Chapter 35: Some Excel hints |
| Sun | 03/04/2016 | Chapter 10: Calculating the Variance-Covariance Matrix |
| Tue | 05/04/2016 | Chapter 10: Calculating the Variance-Covariance Matrix |
| Thu | 07/04/2016 | Chapter 10: Calculating the Variance-Covariance Matrix |
| Sun | 10/04/2016 | Chapter 11: Estimating Betas and the Security Market Line |
| Tue | 12/04/2016 | Chapter 11: Estimating Betas and the Security Market Line |
| Thu | 14/04/2016 | Chapter 11: Estimating Betas and the Security Market Line |
| Sun | 17/04/2016 | Chapter 12: Efficient Portfolios Without Short Sales |
| Tue | 19/04/2016 | **Exam 3** |
| Thu | 21/04/2016 | Chapter 12: Efficient Portfolios Without Short Sales |
| Sun | 24/04/2016 | Chapter 24: Using and generating random numbers |
| Tue | 26/04/2016 | Chapter 25: An Introduction to Monte Carlo Methods |
| Thu | 28/04/2016 | Chapter 26: Simulating Stock Prices |
| Sun | 01/05/2016 | Review |
| Tue | 03/05/2016 | Review |
| Tue | 10/05/2016 | **Final Exam (8-10 am in a place TBA)** |

\*This is a tentative schedule and I have the right to change it at any time during the semester.