

York University
Faculty of Liberal Arts & Professional Studies
Department of Economics

Course: AP/ECON4400 3.0A – Financial Economics

Course Webpage:

Term: Fall 2020

Prerequisite / Co-requisite: See undergraduate calendar

Course Instructor Contact

Instructor: John Paschakis
Office: 1107 Vari Hall
Phone: 416-736-2100 Ext. 33476
Email: jpaschak@yorku.ca
Office Hours: Tuesday 11:00 am - 11:30 am (**offered online via zoom**)

Time and Location

Lectures: Tuesday 11:30 am - 2:30 pm (**offered online via zoom**)
TA hours: TBA

Course Description

This course is an introduction to the principles of corporate finance. It analyzes investment and financing decisions, the separation between ownership and control, the risk inherent in decisions-making, and how shareholders' wealth and utility are maximized.

Topics covered include: net present value, capital budgeting, efficiency of capital markets, treatment of risk, valuation of stocks and bonds, dividend policy, short term financing, and financial strategy.

Course Text / Readings

Fundamentals of Corporate Finance, Brealey, Myers, Marcus, Mitra, Maynes, Lim,
Sixth Canadian Edition, McGraw-Hill

Instructor's notes and practice material are posted on the moodle course website. Students should check the course announcements weekly for new information pertaining to the course material.

Weighting of Course

Evaluation

Evaluation of students' academic performance consists of a midterm exam and a final exam. The weights for the calculation of the final course grade are as follows:

Midterm Exam (50%): Tuesday, October 27, 2020 (offered online during class time).
Final Exam (50%): Fall examinations Dec. 9 - 23 (offered online).

Midterm Exam covers chapters 5, 6, 7, 14, 15, 18

Final Exam covers chapters 8, 9, 13, 11, 12, Mutual Funds & ETFs

Final course grades may be adjusted to conform to Program or Faculty grades distribution profiles.

Missed Tests

There will be no make-ups for the midterm exams. Students absent from the mid-term exams for documented reasons will have the weight transferred to their final exam. The deferred exam for the final exam will be granted **only for medical reasons**. In such cases students should submit a deferred exam application together with the supporting documents (attending physician's statement) to the economics department to my attention. The date and time of the deferred exam will be set at a later date. Students who may require further extensions or accommodation will have to submit a formal petition to the Faculty.

Grading

The grading scheme for the course conforms to the 9-point grading system used in undergraduate programs at York (e.g., A+ = 9, A = 8, B+ = 7, C+ = 5, etc.). Assignments and tests will bear either a letter grade designation or a corresponding number grade (e.g. A+ = 90 to 100, A = 80 to 90, B+ = 75 to 79, etc.)

Organization of the Course

The course involves formal lectures by the course director. **The lectures and office hours will be offered through remote/online delivery. Students should familiarize themselves with zoom and be able to attend the weekly zoom lectures and office hours.** The lectures will be supplemented by discussion questions and problems to be worked out by the students. Students who have difficulties answering the questions should consult with the teaching assistant(s) who will be available to assist students during their office hours. The required readings are central to the course. The lectures and office hours will serve to enrich, clarify, and illustrate crucial issues from the assigned readings.

Course Learning Objectives

Topics to be covered

1. Course Introduction and Time Value of Money, Chapter 5
2. Valuing Bonds, Chapter 6
3. Valuing Stocks, Chapter 7
4. Introduction to Corporate Financing and Governance, Chapter 14
5. Venture Capital, IPOs, and Seasoned Offerings, Chapter 15
6. Payout Policy, Chapter 18
7. Net Present Value and Other Investment Criteria, Chapter 8
8. Mutual Funds and Exchange-Traded Funds (ETFs), Ch.1 (p.24); Ch.2 (pp. 41-43); Ch.12 (p.393)
9. Using Discounted Cash Flow Analysis to Make Investment Decisions, Chapter 9
10. Weighted-Average Cost of Capital and Company Valuation, Chapter 13
11. Introduction to Risk, Return, and the Opportunity Cost of Capital, Chapter 11
12. Risk, Return, and Capital Budgeting, Chapter 12

Additional Information/Notes

Important Course Information for Students

All students are expected to familiarize themselves with the following information, available on the Senate Committee on Curriculum & Academic Standards webpage;

<http://www.yorku.ca/secretariat/policies/index-policies.html/>

- York's Academic Honesty Policy and Procedures/Academic Integrity Website
- Ethics Review Process for research involving human participants
- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities
- Student Conduct Standards
- Religious Observance Accommodation