

**FNCE 611001-004: Corporate Finance**  
**Prof. Stephan Dieckmann**  
**Fall 2024 Syllabus**

**Instructor Information**

Prof. Stephan Dieckmann  
[sdieckma@wharton.upenn.edu](mailto:sdieckma@wharton.upenn.edu)

phone: 215-898-4260

Office hours:

Monday 1.30pm – 2.30pm (in-person, room SHDH 2252)

Wednesday 8.30am – 9.30am (zoom)

I am available to meet with you during office hours, both in-person and on my Zoom channel. Please make an appointment if you want to meet outside of these times. Teaching Assistants will also hold office hours; their times will be posted on the Canvas course page.

**Course Description & Objectives**

This core course serves as an introduction to the foundations of business finance (corporate financial management and investments) for both non-majors and majors preparing for upper-level coursework.

We will explore the major financial decisions faced by financial managers in their interactions with external investors and within their firms, focusing on valuation as a central theme. Financial managers are confronted with the universe of investment opportunities. They must decide which assets to purchase and projects to undertake. At the same time, they must decide how to fund such investments, whether to raise cash from lenders or from shareholders, and what the best mix of debt and equity financing is. The goal of this course is to provide students with the necessary skills to make such investment and financing decisions.

You can think of this course as having several parts. First, we will study how to calculate the present value of cash flows, allowing us to determine the value of bonds and stocks. Second, we will learn about the toolkit for making investment decisions and how it can be applied in capital budgeting. Third, we will formally introduce portfolio theory and the capital asset pricing

model, enabling us to quantify and account for risk. Fourth, we will study how corporations issue securities and discuss market efficiency. Fifth, we will examine how the debt-equity mix (capital structure) affects investment decisions and firm value. Finally, we will introduce option markets.

## **Class Etiquette**

Please respect the classroom as an inclusive learning environment where diverse points of view and experiences can be shared to facilitate everyone's learning. All standards in our [Learning Agreement](#) apply.

I expect you to attend all sessions, and you should hold your classmates to the same standard. If you cannot attend a session due to an excused absence, we can make a recording available. Requesting a recording for additional review of the material is also fine.

Electronic devices such as laptops, tablets, and phones should not be used or visible in class at any point except for educational purposes as allowed by the instructors, such as in-class activities and attendance check-ins. You may use flat devices for notetaking purposes. If you must use a laptop for notes (or another device whose screen is not flat on the table), please sit in the back row of the classroom. If you need to be in touch because of a family emergency, please let me know before class and keep your device on vibrate.

## **Textbook**

The required textbook for the course is Principles of Corporate Finance by Richard Brealey, Stewart Myers, Franklin Allen, and Alex Edmans, published by McGraw-Hill, 14th edition.

The book's presentation of the material sometimes differs from the approach taken in the course notes. Using the 13th edition is also fine. It is a very good textbook and will be helpful in mastering the material, serving as a valuable reference for the subject of corporate finance. The course schedule indicates which book chapters correspond to the respective topics. My goal is to cover material up to chapter 22. We will not explicitly cover chapters about project analysis and agency problems, but you will have plenty of opportunities to study these in more advanced courses.

## **Grading Policy**

Final grades are determined using the following weights:

Attendance & Participation – 10%

Quizzes – 10%

Problem Sets – 20%

Midterm Exam – 30%

Final Exam – 30%

## **Attendance & Participation**

My goal is to make the classroom environment as engaging as possible. Your focused attention and active involvement are important. In addition, we will be using Ed Discussion for asynchronous class discussion. Rather than emailing questions, I encourage you to post your questions on Ed Discussion. I will post a score for attendance & participation at the end of Q1, and at the end of the semester.

## **Quizzes**

Quizzes designed for class preparation and assessing fundamental knowledge relevant to the upcoming session. Each quiz comprises 3 to 5 short questions aligned with specific chapters in the book. Please solve the questions on your own; quizzes are automatically graded with 2 attempts. Quizzes are due midnight before the upcoming session. Late submissions receive 50% of the credit.

## **Problem Sets**

Problem sets are provided for practice, aiming to enhance understanding, offer early feedback, and aid exam preparation. Please solve these within groups of up to 3 students, submitting one write-up per group. Solutions will be available after the deadline, and selected questions will be reviewed in class. Late submissions receive 50% of the credit.

## **Exams**

This class has a midterm exam on October 11 and a final exam during the MBA core exam period in December. Exams will be in-person, closed book, and closed notes. You are allowed to bring one 8.5" x 11" summary sheet on which you can print or write notes (writing on both sides is permitted).

In accordance with the guidelines published by the MBA Program Office, there will be no rescheduling of exams to accommodate job interviews, personal travel, etc. If an emergency or illness forces you to miss an exam, please contact your academic advisor before the test is given. We do not allow verbal appeals of grades. All re-grade requests must be submitted within one week after the results have been posted and must be submitted via Gradescope.

## **Calculators and Excel**

You will need either a scientific or business calculator that can perform operations such as  $x^y$  function for the exams. Using a financial calculator is optional. Some problem sets will require the use of Excel, or WolframAlpha. It will also be very helpful if you familiarize yourself with the Excel tools Goal Seek and Solver. You need to know one technique for numerically solving an unknown discount rate by the time you start working on problem set 2.

## **Generative AI policy**

You may use AI services such as ChatGPT to help you understand the material, including quizzes and problem sets. However, answers generated by these services may still be inaccurate or incomplete. I typically pre-check questions using ChatGPT and often do not get full credit.

My view is that using ChatGPT at the introductory level may stifle your independent thinking. Excessive use may cut corners, causing you to lose the opportunity to develop your own Corporate Finance skills. Therefore, you will not be able to use ChatGPT during exams.

## Ethics Matrix

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	Materials							People				
FNCE 6110 Corporate Finance	Calculator	Laptop / other electronics	Summary sheet	Textbooks / Class Notes	Past notes / summaries	Past exams / problems	Internet / Chat GPT / other outside materials	Group of 3	Other student(s) in same section	Student(s) in other sections (same term)	Wharton student not taking the class this term	Person outside of Wharton
Prep Quizzes	A	A		A			A	D	D	D	D	D
Problem Sets	A	A		A			A	W	D	D	D	D
Exam Preparation	A	A	A	A		A	A	W	W	W	D	D
Midterm Exam	A		A									
Final Exam	A		A									
	A = Allowed material Shaded Cell = Not allowed							W = Allowed to work together D = Discussion of general concepts and procedures is allowed but no sharing of specific answers. Shaded Cell = Not allowed				
The information above covers many common situations but will not cover every circumstance. The Wharton MBA Code of Ethics that you accepted requires, among other things, that you represent yourself and your work honestly, don't try to gain unfair advantage over other students, follow the instructor's guidelines and respect confidentiality of your work and the work of others. Should you have questions, please contact your professor.												

## Course Schedule

Date	Class	Topic	Reading BMAE 14
Aug 27	1	Intro to Corporate Finance	1.1-1.2; 20.1-20.3
Aug 29	2	Time Value of Money and Calculating Present Values	2.1-2.4
Sep 3	3	Valuing Bonds 1	3.1-3.4
Sep 5	4	Valuing Bonds 2	3.3; 3.6
Sep 10	5	Valuing Stocks 1	4.2-4.6
Sep 12	6	Valuing Stocks 2	4.2-4.6, 15.1-15.3
Sep 17	7	Net Present Value and Other Investment Criteria	5.1-5.3
Sep 19	8	Investment Decisions using the NPV Rule	6.1-6.3
Sep 24	9	Introduction to Risk and Return	7.1-7.2
Sep 26	10	Portfolio Risk and Diversification	7.3-7.5
Oct 1	11	CML and SML	7.4, 8.1-8.2
Oct 8	12	Review	
Oct 11		Midterm Exam 8am – 10am	
Oct 22	13	Using Beta	8.3; 9.1
Oct 24	14	Cost of Capital	9.1-9.3; 10.1
Oct 29	15	Market Efficiency	12.1 – 12.5
Oct 31	16	Security Issuance	13, 14.1 – 14.4
Nov 5	17	Capital Structure 1	16.1 – 16.5
Nov 7	18	Capital Structure 2	17.1 – 17.5
Nov 12	19	Financing and Valuation 1	18.1 – 18.5
Nov 14	20	Financing and Valuation 2	18.1 – 18.5
Nov 19	21	Buffer Class	
Nov 21	22	Options 1	21.1 – 21.3
Nov 26	23	Options 2	22.1 – 22.3, 24.2
Dec 3	24	Review	
		Exam (Dec 5, 6, or 9, date and time tbd)	

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