

Introduction to Finance

Course # 1238.2410.01

Module 2 - December 2011

Lecturer: Dr. Simon Benninga

Course Time: Monday and Wednesday
11:30-14:15

Classroom: Recanati 303

Office Hours: By Appointment

Office: Recanati 447

Email: Benninga@post.tau.ac.il

Teaching Assistant: TBA

Tutorial: TBA

e-mail: TBA

Course Overview

This course covers the basics of finance. There are two major topics—capital budgeting and the capital asset pricing model. I anticipate that the course will be demanding and rigorous, fatiguing and inspirational. Money is fun and important!

Course Materials

- Textbook: *Principles of Finance with Excel*, 2nd edition by Simon Benninga (PFE)
- Course Reader

Grading

You must participate in all the classes (roll will be taken), do all the homework, and of course take the midterm and the final exam. Each missed class will lower your grade by 1% unless you have a valid excuse.

- | | |
|------------------------------------|------------|
| • Class participation (mandatory) | up to -12% |
| • Homework and perhaps pop quizzes | 20% |
| • Midterm | 30% |
| • Final exam | 50% |

General principles

- You must be *vaguely familiar* with the reading materials *before* the class in which they are discussed. I reserve the right to reinforce this with pop quizzes.
- All work will be done with Excel.
- Exams are open material.


TEL AVIV UNIVERSITY אוניברסיטת תל-אביב
Leon Recanati Graduate School of Business Administration
The Sofaer International MBA Program

- Cheating in any form will not be tolerated. If there is a suspicion I will choose between reporting you to the Tel Aviv University disciplinary committee or determining with the cheater how much of the course he/she will fail.
- Homework and cases may be done in pairs (no more!).

Electronic Access to Course Materials

All class files including selected power-point slides presented in class by the instructor will be available on the course website at Virtual Tau: <http://virtual.tau.ac.il>

READINGS AND ASSIGNMENTS

SESSION 1 26.12. 2011	INTRODUCTION TO FINANCE
Lecture Topic	<ul style="list-style-type: none"> • Review of boot camp • Introduction to capital budgeting
Readings	<ul style="list-style-type: none"> • PFE 2,3, parts of 14 • PFE 4.1 – 4.5
Homework	

SESSION 2 28.12. 2011	TOPIC?
Lecture Topic	<ul style="list-style-type: none"> • Introduction to capital budgeting
Readings	<ul style="list-style-type: none"> • PFE 4.6 – 4.11
Homework	

SESSION 3 2.1.2012	TOPIC?
Lecture Topic	<ul style="list-style-type: none"> • Issues in capital budgeting
Readings	<ul style="list-style-type: none"> • PFE 5
Homework	


TEL AVIV UNIVERSITY אוניברסיטת תל-אביב
Leon Recanati Graduate School of Business Administration
The Sofaer International MBA Program

SESSION 4 4.1.2012	TOPIC?
Lecture Topic	<ul style="list-style-type: none"> • Choosing a discount rate
Readings	<ul style="list-style-type: none"> • PFE 6
Homework	

SESSION 5 9.1. 2012	TOPIC?
Lecture Topic	<ul style="list-style-type: none"> • Case discussion: Energy Gel Case • Review before mid-term exam
Readings	
Homework	

SESSION 6 11.1.2012	TOPIC?
Lecture Topic	<ul style="list-style-type: none"> • Mid-term exam in class (covers chapters 2-6)

SESSION 7 16.1.2012	TOPIC?
Lecture Topic	<ul style="list-style-type: none"> • What is risk • Statistics for portfolios
Readings	<ul style="list-style-type: none"> • PFE 8 • PFE 9
Homework	


TEL AVIV UNIVERSITY אוניברסיטת תל-אביב
Leon Recanati Graduate School of Business Administration
The Sofaer International MBA Program

SESSION 8 18.1.2012	TOPIC?
Lecture Topic	<ul style="list-style-type: none"> • Efficient frontier
Readings	<ul style="list-style-type: none"> • PFE 10
Homework	

SESSION 9 23.1.2012	TOPIC?
Lecture Topic	<ul style="list-style-type: none"> • The CML and the SML
Readings	<ul style="list-style-type: none"> • PFE 11
Homework	

SESSION10 25.1.2012	TOPIC?
Lecture Topic	<ul style="list-style-type: none"> • Measuring investment performance
Readings	<ul style="list-style-type: none"> • PFE 12
Homework	

SESSION 11 30.1.2012	TOPIC?
Lecture Topic	<ul style="list-style-type: none"> • The SML and the cost of capital
Readings	<ul style="list-style-type: none"> • PFE 13
Homework	


TEL AVIV UNIVERSITY אוניברסיטת תל-אביב
Leon Recanati Graduate School of Business Administration
The Sofaer International MBA Program

SESSION 12 <i>1.2.2012</i>	TOPIC?
Lecture Topic	<ul style="list-style-type: none">• Pro forma models and valuation
Readings	<ul style="list-style-type: none">• PFE 7
Homework	