

Foundations of Finance, Graduate, COR1-GB.2311.013, Fall 2022 Section 13 *Preliminary*

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This section is open to non-Stern NYU graduate students only.

[Tentative schedule of topics](#)

Class notes, announcements, and supplementary material will be posted to the NYU Brightspace site (under development)

Overview

This course is an introduction to the world's financial system: securities and institutions that create, trade, hold, manage and regulate them. In this course we mostly take the viewpoint of a long-term investor, someone who is going into the financial markets to maximize gain and minimize risk. In the follow-on course (corporate finance), we take the perspective of financial manager, someone who is making firm-specific business decisions to maximize the value of the firm. By the end of this course, you should be able to comprehend most of the Markets section of the Wall Street Journal.

Prerequisites

Finance is a quantitative discipline, even at the introductory level. So we'll be borrowing concepts and calculations from accounting, statistics and economics. There are no formal prerequisites, however. We'll develop what we need as we go along.

Grading policy

The [departmental policy](#) states: "For the introductory courses, Foundations of Finance and Corporate Finance, for sections with enrollments of 20 students or more, we expect that a maximum of 35% of students will receive an "A" or "A-" grade. This policy is consistent with the Stern School guidelines for grading in core courses."

Materials

The "books" that we'll be using are

- Bodie, Kane and Marcus, Essentials of Investments, 12th US edition, abbreviated as "BKM", not to be confused with "Investments" by the same authors. Most of the

course material is taken from this book.

- Ross, Westerfield, and Jordan, Fundamentals of Corporate Finance, 13th edition, abbreviated as "RWJ". We're using only two chapters (5 and 6) from this book.

NOTE: We'll be accessing the texts using the McGraw-Hill Education Connect platform; we'll access the RWJ chapters as an eBook through another McGraw app. Connect is an electronic access platform. It is purchased through Follet via the NYU books store. It will appear on your bursars bill; the charge will be refunded if you drop the course within the indicated time window.

Details for last year's class (2021 Fall) are given [here](#). *This information is preliminary and indicative. Do not make purchases until I have confirmed the details.*

MHE Connect is a bit more expensive than renting the print texts from a third-party reseller. The system is also rather rigid. Despite these drawbacks I'm using it for several reasons:

- The Connect editions are optimized for online presentation and delivery of the material. I think that it will make your study time more productive.
- Connect has well-integrated self-check questions that many students find useful.
- Uniformity. Everyone will have the same editions of the materials.
- If we find ourselves having to go remote, Connect will help us stay on schedule and keep organized.

Financial calculator

You'll need a financial calculator to work problems and exams. The best calculator for this course is the HP 10bII+. (Most of the examples and problems in the notes will be worked using HP 10bII+ keystrokes.) The TI BA II Plus is a good alternative, but the keystrokes are slightly different. Older versions of these calculators should also be okay: anything in HP 10B or TI BA series should suffice. I don't recommend top-of-the line financial calculators such as the HP 17 or similar: the extra power comes with extra complexity. Smartphone calculator apps are not permitted in exams.

Deliverables (planned, but subject to change)

- There will be two in-class exams (a midterm and a final). See the schedule at the link posted above. Together they will count for roughly 80% of your grade. The exams are closed-book and closed notes, but you may bring in one 8 1/2 x 11 sheet of notes, covered both sides (if you wish) in a font no smaller than 6 point.
- Four untimed open-book problem sets (20% of your grade).

Class notes and recordings

I generally make class notes available online prior to class. I usually make class videos available after class. (This is on a "best efforts" basis. Technical problems sometimes arise. I can't guarantee availability.) Class notes will be posted to Brightspace in the

lessons tabs, under "Topics and Classes"; Video recordings will be posted in the Mediasite tab.