Econ 255a. Introduction to Corporate finance

Day / time: T/Th 11:35 -12:50 pm
Course Type: Undergraduate
Course term: Fall
Year: 2016
Instructor(s): Michael J Pascutti

The course is designed to introduce students to the concepts and techniques necessary to analyze and implement optimal investment decisions.

The main goal of the course is to understand why firms exist and how firms are used to channel capital towards productive means. Depending on the characteristics of the investment (expected return, risk, maturity); different financial instruments (equity, debt) are used. The course covers the effect of time and uncertainty on decision making, and we will work with concepts such as discounting, stock valuation, asset pricing models, diversification and portfolio choice, and capital structure decisions.

In addition, we will also investigate agency problems (politics) within the firm (managers vs shareholders) and between the firm and other stakeholders (equity vs debt), and how different firm structure and arrangements are used to mitigate them (corporate governance, entrenchment and payout policy).

Lecture notes are closely related to the textbook. The textbook for the course is *Corporate Finance*, 10th ed., by Ross, Westerfield, and Jaffe (RWJ).

Prerequisite: Introductory Microeconomics and Introductory Macroeconomics.

Semester offered: Fall
Undergrad Course Category: Finance