Course Code: BUS 6009 Financial Management (Ph.D)

Instructor: Prof. Ümit Erol Term: Fall

Office: Bahçeşehir Univcersity Time: 19.00 -22.00 (wednesday)

Faculty of Economic, Administrative and Social Sciences Course Credit: 3

Department of Economics and Finance Classroom: On-Line

A Block; Second Flour Course Type: On-Line

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Office Hours: Thursday; 12.30-14.30

CV(link):

**Course Objective and Learning Objectives**: This is a Ph.D course. So we will have a deeper look to the discussions and concepts in finance. There will essentially be two major subjects that we will cover in the course .The first of them is an in-depth analysisi of investment decisions with a review of essential concepts such as stochastic domiinance, investment decisions under uncertainty, mean-variance criterion and efficient frontier as well as a review of CAPM. Some of these concepts may already be familiar to you but we will focus on more technical aspects of these issues such as covering the mathematical background, discussing the assumptions used in the models and the empirical tests of these models.

 The second part mainly focuses capital budgeting with a detailed analysis of hurdle rates, return measurement of independent or co-related investment projects as well as a discussion of capital structure starting with Modigliani-Miller Hypothesis. We will also discuss the practical problems that are conftronted in practical applications.

**Course Structure:**  The courses will be held on-line. Students are expected to follow the on-line presentations every week

**On-Line Office Hours:** Please send a E-Mail message to me if you want to talk with me on-line or face to face. I will be available each Thursday for a face to face meeting in my office

**Course Policy:**

**Communication Channels and Methods:**

 You are encouraged to write E-Mails to me though they should not me in a manner of chat language. You are also encouraged to call me over cell phone to ask questions. My cell phone number is 0 542 585 83 62.

**Use of Digital Tools:** Please turn off the volume and turn off the mobile phone while attending to the on-line lectures. In case of emergency; please leave the class if you need to talk with soneone on cell phone if you are attending to the on-line course

**Assignments and Project Deadlines:** Since this is a Ph.D course which aims to prepare you for an independent reserch capacity; you must be able to read and discuss scientific journals of this area. I will assign you several articles whose list will be available in future weeks . You are entitled to read these articles and write at least one report which reviews and explains the main contribution of that article.

 Additionally; there will be a project which will be prepared by you. I generally prefer a quantitative approach (eg regression) in the projects but a theoretical paper may also be considered in certain cases. We may discuss the details in future weeks . The project is expected to be received at the end of the semester. Exact due time will be announced later.

**Attendance:** Attendance to all on-line courses is compulsary. If you wll not be able to attend the on-line course; please notify me prior to the course also explaining the the reason for excuse. Note that I will get a list of all the attendees each week and I will also check your attendance status in decisding about your final letter grade.

**Oral And Written Communication Ethics:** You must express yourself with due respect in communicatio0ns with me and with your friends.

**Pricacy and Copyright:** Please note that the courses will be recorded on the online platform within the scope of your approval and knowledge in accordance with Personal Data Protection Law.

**Course Resources**: I will follow two textbooks during the course. The first one is “Portfolio and Investment Selection: Theory and Practice” by Levy and Sarnat. There may be difficulty to find this book since it is a fairly old book (but one of the best in the area) so I will put the xerox copies of the relevant chapters to the Student Office Center. The second book is “Applied Corporate Finance” by A. Damodaran. To the best of my knowledge; this book is available free in internet (in Damodaran’s own site which you can easily find in Google). In case of problems finding the book; I may also consider to put relevant chapters of it to the Student Office Center. Regarding the articles; I think there will not be a problem since I will choose articles which have free acccess in internet.

**Grading and Evaluation:**

 The grading will be based on a comprehensive final (its weight is 50%), project (weight: 30%) and article presentation (20%). Note that the report on article is expected to be delivered to me in a written format and I also expect a verbal presentation (on-line) in a way not exceeding half an hour.

**Course Calendar:**

W1: Introduction

W2: Rates of Return, Geometric Return, Duration, Yield Curve

W3: Investment Decisions Under Certainty and Uncertainty; Utility Functions, First and Second Degree Stochastic Dominance

W4: Mean-Variance Criterion and Efficient Frontier

W5: Single-Index Model; Derivation of CAPM; Assumptions of CAPM

W6: Calculation of Beta; Quantifying the Systematic and Unsystematic Risk

W7: Scientific Criticisms of CAPM, CAPM Tests, Roll’s Critique, APT

W8: Risk Measurement and Hurdle Rates

W9: Measuring Return on Investments for Independent Projects

W10: Measuring Return on Investments for Co-Related Projects

W11: Capital Structure and Debt/Equity Trade-Off in Investment Financing

W12: Further Issues of Capital Structure; Optimal Debt Ratio and Leverage Issues

W13: Alternative Approach es to Investment Feasibility Analysis

W14: Practical problems of Investment Feasibility Analysis

**Matters Needing Attention:** I will send a written material to you starting in second week before the on-line course which you can find in Its Learning. You must read that written material before the on-line course. These written materials will be sent each week prior to the course

**Acedemc Integrity, Cheating and Plaguarism:**

Plaguarism is a deliberate action to deceive readers by pretending to be someone’s word. Academic plaguarism is also using another author’s writing without quoting it. Plaguariism is unethical. Detection of it in your exams may lead to a zero grade for the exam and also leads to disciplinary action.