

USC Marshall School of Business

BUAD 308-Advanced Business Finance

Section 14860 Monday, Wednesday 12:30-1:50 pm HOH 1

Instructor: Calvin Wright

Email: calvin.wright@marshall.usc.edu

Office Hours:

- Monday 10:30-11:30 am Hoffman Hall 115 or Zoom
- Wednesday 2-3pm Hoffman Hall 115 or Zoom
- Zoom link:
 - o <https://usc.zoom.us/j/5527599023?pwd=T0NxeDdt1djSTBkem8wWlhYWStEQT09>
 - o Passcode: calvin
- Additional office hours before midterm and final
- No office hours on school holidays.
- Any adjustment will be announced on Brightspace.
- If neither of the above time works for you, please send me an email to schedule a different time.

Course Administrator: Marc Choueiti (buad308@marshall.usc.edu). Marc handles the administrative aspects of the course. Please email Marc your official OSAS accommodations letter.

Course Description

BUAD 308 is an advanced (i.e., rigorous and accelerated) fundamentals course in business finance. Finance is a way of thinking about and analyzing economic problems that involve uncertainty over time. This course provides a framework of how financiers think, how they break down components of a financial problem, and how they make decisions as investors and corporations in financial markets. By the end of the semester, you will know and use financial vocabulary, financial theory, and financial analysis to solve financial problems, value assets, assess financial risk, make financial decisions and evaluate corporate financial strategy.

BUAD 308 is an advanced version of BUAD 306. It is designed for motivated and well-prepared students, especially those intending to pursue a finance-focused curriculum (finance emphasis or finance minor) and/or a career in financial services (e.g., investment banking, investment management), corporate finance, or related fields.

Learning Objectives (Details)

Through lecture, case analysis, worked samples, and application of financial formulas and functions, you will be able to:

1. Describe types and features of common financial assets.
2. Summarize the efficient market hypothesis and describe its relevance.
3. Explain the concept and apply the formulas related to the time value of money.
4. Apply DCF valuation in a range of contexts.
5. Interpret, apply and use accounting statements in financial analysis.
6. Explain and apply capital budgeting criteria.

7. Explain and apply a modern risk-return framework.
8. Calculate costs of capital.
9. Explain and analyze key corporate financial policies and tradeoffs.

Required Materials

The required text (**FREE ONLINE**) is *Corporate Finance*, 5th Edition by Welch, 2022. ISBN-13: 978-0-9840049-0-4, <https://book.ivo-welch.info/home/>

Prerequisites and/or Recommended Preparation (same for both BUAD 308 and BUAD 306):

There are no formal prerequisites for BUAD 308/306. While there are no formal prerequisites, students will be better prepared if they have previously taken, or are concurrently taking, courses in microeconomics, macroeconomics, financial accounting, and statistics. AP courses in high school are sufficient, or any college level courses in these areas. If you have no prior exposure to these areas of study, and are not in a hurry to take BUAD 308/306, it makes sense to take the following courses (required for Marshall majors) prior to, or concurrently with, BUAD 308/306:

- ECON 351x Microeconomics for Business
- ECON 352x Macroeconomics for Business
- BUAD 280 Introduction to Financial Accounting
- BUAD 310g (or 312g) Applied Business Statistics

If you are in a hurry to take BUAD 308/306 and have not completed the recommended prep, you should expect that some portions of the course will require more effort on your part and/or be more challenging to master.

Course Notes:

All additional course materials are accessed via Brightspace (<http://brightspace.usc.edu/>).

Grading Summary

The final grade will be based on a 100pt scale:

Assessment	% of Grade
Participation	10%
Assignments	15%
Midterm 1	25%
Midterm 2	25%
Final	25%
Total:	100%

Final grades letter will be given based on demonstrated mastery of the learning objectives. **There is no mandated grading target for this course.** Any and all students who complete work on time, come prepared and participate in class, and demonstrate mastery of the learning objectives can earn an A in the course. The mean grade for this class

is expected to be about a B+. As many as 60% of the students may receive an A or A-. Typically, about one half of the students will receive a B+, B or B-.

Grading Details and Assignments

1. **Midterm and Final Exams.** **Exams will be administered in-person.** Details regarding the testing protocol and allowed materials will be provided. At a minimum, you will be provided with any relevant equations (and some irrelevant ones).
2. **Exam Absence Policy:** Students are required to take the midterms and final during the arranged administration period. **If you are not able to take the midterms and final on the dates specified in the schedule, you should not take this class. There will be no make-up exams.** However, there are legitimate reasons for missing an exam. If you provide documentation of serious medical problems or crime incidents for missing a test, your grade will be based on the score of the remaining assessments. If you miss more than one test, additional missed tests will be scored as a zero, unless a mark of INCOMPLETE is warranted.
3. **Assignments.** There will be assignments posted to Brightspace during the course. **Assignments will be evaluated based on how much effort you put in and how well you show your understanding of the class material – not on the actual score.** As a rule of thumb:
 - If you submit your assignment on time and correctly answer at least 85% of questions, you will get 100/100
 - If you submit your assignment on time and correctly answer at least 70% of questions, you will get 90/100
 - If you submit your assignment on time and correctly answer at least 50% of questions, you will get 80/100
 - If you submit your assignment on time and show reasonable effort, the lowest grade you could get is 70/100
4. **Assignment Submission Policy:** Assignments must be turned in on the due date/time electronically via Brightspace. **Late or not, you are expected to complete all required assignments to pass this course.** If you have connectivity issues, please contact your Course Administrator or instructor **as soon as possible.** **Any assignment turned in late will not receive full credit.**
 - Late by less than 12 hours: 30 points deduction
 - Late by less than 24 hours: 40 points deduction
 - Late by less than 36 hours: 50 points deduction
 - Late by more than 48 hours: no credit

Classroom Policy:

1. It's important to attend class. While I won't take attendance every time, I will take note if you frequently miss class, and this will affect your participation grade.
2. No remote/virtual attendance.
3. **Check Brightspace frequently (at least weekly) for important course announcement.**
4. It's highly recommended to have a nametag. Bringing one will help me and your classmates recognize your name more easily.
5. Questions are encouraged! Don't hesitate to interrupt me if you have any questions by raising your hand.
6. Laptop/tablet:
 - Laptop/tablet usage is allowed for study purpose only (taking notes, checking textbook, using calculator/excel, etc.)
7. All other electronics devices:

- Usage of all other electronics devices (include phone, recording device, etc.) are not allowed without explicit permission.
- 8. Please respect others:
 - Silence all your electronic devices.
 - Don't talk loudly and consistently with others during the class.
 - Don't bring food/drink with strong smell.
 - Use the back door and be quite if you come late and need to leave early.

AI Policy

I expect you to use AI (e.g., ChatGPT and image generation tools) in this class. Learning to use AI is an emerging skill, and I welcome the opportunity to meet with you to provide guidance with these tools during office hours or after class. Keep in mind the following:

AI tools are permitted to help you brainstorm topics or revise work you have already written.

If you provide minimum-effort prompts, you will get low-quality results. You will need to refine your prompts to get good outcomes. This will take work.

Proceed with caution when using AI tools and do not assume the information provided is accurate or trustworthy. If it gives you a number or fact, assume it is incorrect unless you either know the correct answer or can verify its accuracy with another source. You will be responsible for any errors or omissions provided by the tool. It works best for topics you understand.

AI is a tool, but one that you need to acknowledge using. Please include a paragraph at the end of any assignment that uses AI explaining how (and why) you used AI and indicate/specify the prompts you used to obtain the results and what prompts you used to get the results. Failure to do so is a violation of academic integrity policies.

Be thoughtful about when AI is useful. Consider its appropriateness for each assignment or circumstance. The use of AI tools requires attribution. You are expected to clearly attribute any material generated by the tool used. Please ask me if you are unsure about what constitutes unauthorized assistance on an exam or assignment, or what information requires citation and/or attribution.

For all exams, AI tools will not be allowed. Use any AI tools during exams will be identified as plagiarism, and will be reported to the Office of Academic Integrity. If found responsible for an academic violation, students may be assigned university outcomes, such as suspension or expulsion from the university, and grade penalties, such as an "F" grade on the assignment, exam, and/or in the course.

COURSE CALENDAR

Date	Topic	Book Materia
Week 1 August 25	Introduction & Time Value of Money	Welch chapter 1 & 2
Week 1 August 27	Time Value of Money (Cont'd) & Annuities and Perpetuities	Welch chapter 2 & 3
Week 2 September 1	<i>Labor Day Holiday – No class</i>	
Week 2 September 3	The Hub Presentation (tentative) & Annuities and Perpetuities (Cont'd)	Welch chapter 3
Week 3 September 8	The Hub Presentation (tentative) Capital Budgeting Rule: NPV and IRR	Welch chapter 4
Week 3 September 10	Capital Budgeting Rule: NPV and IRR (Cont'd)	Welch chapter 4
Week 4 September 15	Time-Varying Rates of Return, US Treasuries, Yield Curve, Inflation, Real Rates	Welch chapter 5
Week 4 September 17	Time-Varying Rates of Return, US Treasuries, Yield Curve, Inflation, Real Rates (Cont'd)	Welch chapter 5
Week 5 September 22	Uncertainty	Welch chapter 6
Week 5 September 24	Uncertainty (Cont'd)	Welch chapter 6
Week 6 September 29	Midterm 1 Review	
Week 6 October 1	Midterm 1	
Week 7 October 6	Capital Market History	Welch chapter 7
Week 7 October 8	Risk and Reward	Welch chapter 8
Week 8 October 13	Benchmarked Costs of Capital	Welch chapter 9
Week 8 October 15	The Capital Asset Pricing Model	Welch chapter 10
Week 9 October 20	The Capital Asset Pricing Model (Cont'd)	Welch chapter 10
Week 9 October 22	Market Imperfection and/or Corporate Governance	Welch chapter 11/ 13
Week 10 October 27	Efficient Market and Behavior Finance	Welch chapter 12
Week 10 October 29	Midterm 2 Review	
Week 11 November 3	Midterm 2	

Week 11 November 5	From Financial Statement to Expected Cash Flow	Welch chapter 14
Week 12 November 10	From Financial Statement to Expected Cash Flow (Cont'd)	Welch chapter 14
Week 12 November 12	Valuation from Comparables and Financial Ratios	Welch chapter 15
Week 13 November 17	Corporate Claims	Welch chapter 16
Week 13 November 19	Capital Structure - Perfect Market	Welch chapter 17
Week 14 November 24	Capital Structure – With Taxes	Welch chapter 18
Week 14 November 26	<i>Thanksgiving Holiday – No class</i>	
Week 15 December 1	Equity Payouts	Welch chapter 20
Week 15 December 3	Final Review	
Friday December 12 11 am – 1 pm	Final Exam Friday, December 12, 11 am – 1 pm Check https://arr.usc.edu/final-exam-schedule/	

ADDITIONAL INFORMATION

Marshall Academic Resources

The Marshall Office of Undergraduate Advising & Student Affairs offers free Core Review Sessions, along with additional “Cracking the Core” workshops, as a supplement to classroom instruction. Marshall Peer Academic Leaders (PALs) assist students in understanding and clarifying difficult concepts covered in class that week, but core review sessions are effective only if students regularly attend class and actively engage in the process of thinking critically about the course content. Marshall Academic Resources are available for core courses that are traditionally challenging in the business major curriculum. For more information, please visit the Marshall Undergrad Advising and Student Affairs website <http://students.marshall.usc.edu/undergrad/advising/>.

Students with Disabilities

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If you have a disability which may impact your performance, attendance, or grades in this course and require accommodations, you must first register with the Office of Student Accessibility Services (<https://osas.usc.edu/>). OSAS provides certification for students with disabilities and helps arrange the relevant accommodations. Any student requesting academic accommodations based on a disability is required to register with the Office of Student Accessibility Services (OSAS) each semester. A letter of verification for approved accommodations can be obtained from OSAS. Please be sure the letter is delivered to me as early in the semester as possible. OSAS is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for OSAS is (213) 740-0776. Email: ability@usc.edu.

Emergency Preparedness/Course Continuity

In case of a declared emergency if travel to campus is not feasible, the *USC Emergency Information* web site (<http://emergency.usc.edu/>) will provide safety and other information, including electronic means by which instructors will conduct class using a combination of USC’s Brightspace learning management system (Brightspace.usc.edu), teleconferencing, and other technologies.

Add/Drop Process

BUAD 308 is open enrollment (R-clearance) through the Add deadline. If there is an open seat, you can add the class using Web Registration. If the class is full, you will need to continue checking Web Registration or the *Schedule of Classes* (classes.usc.edu) to see if a space becomes available. Students who do not attend the first two class sessions (for classes that meet twice per week) or the first class meeting (for classes that meet once per week) may be dropped from the course. The instructor is not required to notify the student that s/he is being dropped.

There are no formal wait lists for Marshall undergraduate courses, and professors cannot add students or increase the course capacity. If all sections of the course are full, you can add your name to an interest list by contacting the Office of Undergraduate Advising & Student Affairs; if new seats or sections are added, students on the interest list will be notified.

Technology Requirements

This class uses a range of technologies including in-person instruction, online synchronous and asynchronous lectures, online and in-person assessments, and so forth. You will need up-to-date hardware and software as specified below for access to the internet, using Zoom, and accessing Brightspace.

The lecture presentations, links to articles, assignments, quizzes, and rubrics are located on Brightspace. To participate in learning activities and complete assignments, you will need:

- Access to a working computer that has a current operating system with updates installed, plus speakers or headphones to hear lecture presentations;
- Reliable Internet access and a USC email account;
- A current Internet browser that is compatible with Brightspace;
- A working video camera with microphone for use on Zoom;
- Microsoft Word as your word processing program; and
- Reliable data storage for your work, such as a USB drive or Office365 OneDrive or Google Drive cloud storage.

If your computer does not have Microsoft Word, Office 365 package is available to you free of charge and allows you to install Word, Excel, PowerPoint, Outlook, OneNote, Publisher, and Access on up to 5 PCs or Macs and Office apps on other mobile devices including tablets. Office 365 also includes unlimited cloud storage on OneDrive. To download Office 365 log into your student (University) email through a web browser, choose Settings (top right corner), and select software. If you have further questions or need help with the software, please contact the USC ITS service portal.

A financial calculator is not required but may be useful. Some popular models include: Texas Instruments BA II Plus, HP BII+, HP 12C, HP 17BII+. There are good financial calculator emulators available for smartphones.

Minimal Technical Skills Needed

Minimal technical skills are needed in this course. Most asynchronous course work will be completed and submitted in Brightspace. Synchronous sessions are intended to be held in person, but you should be prepared to attend synchronous sessions on Zoom if necessary. Therefore, you must have consistent and reliable access to a computer and the Internet. The minimal technical skills you have include the ability to:

- Organize and save electronic files;
- Use USC email and attached files;
- Check email and Brightspace daily;
- Download and upload documents;
- Locate information with a browser; and

- Use Brightspace.
- Use Zoom with a working video camera

Class Conduct/Netiquette

Professionalism will be expected at all times. Because the university classroom is a place designed for the free exchange of ideas, we must show respect for one another in all circumstances. We will show respect for one another by exhibiting patience and courtesy in our exchanges. Appropriate language and restraint from verbal attacks upon those whose perspectives differ from your own is a minimum requirement. Courtesy and kindness is the norm for those who participate in my class. This applies equally in face-to-face and online settings.

Statement on Academic Conduct and Support Systems

Open Expression and Respect for All

An important goal of the educational experience at USC Marshall is to be exposed to and discuss diverse, thought-provoking, and sometimes controversial ideas that challenge one's beliefs. In this course we will support the values articulated in the USC Marshall "Open Expression State-ment" (<https://www.marshall.usc.edu/about/open-expression-statement>).

USC Statement on Academic Conduct and Support Systems

Academic Integrity:

The University of Southern California is a learning community committed to developing successful scholars and researchers dedicated to the pursuit of knowledge and the dissemination of ideas. Academic mis-

conduct, which includes any act of dishonesty in the production or submission of academic work, comprises the integrity of the person who commits the act and can impugn the perceived integrity of the entire university community. It stands in opposition to the university's mission to research, educate, and contribute productively to our community and the world.

All students are expected to submit assignments that represent their own original work, and that have been prepared specifically for the course or section for which they have been submitted. You may not submit work written by others or "recycle" work prepared for other courses without obtaining written permission from the instructor(s).

Other violations of academic integrity include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), collusion, knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

The impact of academic dishonesty is far-reaching and is considered a serious offense against the university. All incidences of academic misconduct will be reported to the Office of Academic Integrity and could result in outcomes such as failure on the assignment, failure in the course, suspension, or even expulsion from the university.

For more information about academic integrity see the student handbook or the Office of Academic Integrity's website, and university policies on Research and Scholarship Misconduct.

Please ask your instructor if you are unsure what constitutes unauthorized assistance on an exam or assignment, or what information requires citation and/or attribution.

Students and Disability Accommodations:

USC welcomes students with disabilities into all of the University's educational programs. The Office of Student Accessibility Services (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at osas.usc.edu. You may contact OSAS at (213) 740-0776 or via email at osasfrontdesk@usc.edu.

Support Systems:

Counseling and Mental Health - (213) 740-9355 – 24/7 on call

studenthealth.usc.edu/counseling

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

Support Systems:

Counseling and Mental Health - (213) 740-9355 – 24/7 on call

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Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call

suicidepreventionlifeline.org

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL), press “0” after hours – 24/7 on call

studenthealth.usc.edu/sexual-assault

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Office of Equity and Diversity (OED) - (213) 740-5086 | Title IX – (213) 821-8298

equity.usc.edu, titleix.usc.edu

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298

usc-advocate.symplicity.com/care_report

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office of Equity and Diversity | Title IX for appropriate investigation, supportive measures, and response.

The Office of Disability Services and Programs - (213) 740-0776

dsp.usc.edu

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

USC Campus Support and Intervention - (213) 821-4710

campussupport.usc.edu

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity at USC - (213) 740-2101

diversity.usc.edu

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, *HSC:* (323) 442-1000 – 24/7 on call

dps.usc.edu, emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, *HSC:* (323) 442-120 – 24/7 on call

dps.usc.edu

Non-emergency assistance or information.

Appendix: Undergraduate Program Learning Goals and Objectives *(updated 12/21/17)*

Learning goal 1: Our graduates will demonstrate critical thinking skills so as to become future-oriented problem solvers, innovators and decision makers in diverse and rapidly changing business environments.

- Students will demonstrate the ability to anticipate, identify and solve business problems. They will be able to identify and assess central problems, identify and evaluate potential solutions, and translate a chosen solution to an implementation plan that considers future contingencies
- Students will demonstrate the ability to be accurate, clear, expansive (thorough, detailed) and fair-minded in their thinking
- Students will critically analyze concepts, theories and processes by stating them in their own words, understanding key components, identifying assumptions, indicating how they are similar to and different from others and translating them to the real world
- Students will be effective at gathering, storing, and using qualitative and quantitative data and at using analytical tools and frameworks to understand and solve business problems
- Students will understand the concepts of critical thinking, entrepreneurial thinking and creative thinking as drivers of innovative ideas

Learning Goal 2: Our graduates will develop people and leadership skills to promote their effectiveness as business managers and leaders in the 21st century's evolving work and organizational structures.

- Students will recognize, understand and analyze the roles, responsibilities and behaviors of effective managers and leaders in diverse business contexts e.g., functionally diverse, culturally diverse, geographically diverse, etc.
- Students will understand factors that contribute to effective teamwork including how to elicit, manage and leverage diverse perspectives and competencies.
- Students will recognize, understand, and analyze the motivations and behaviors of stakeholders inside and outside organizations (e.g., teams, departments, consumers, investors, auditors)

Learning Goal 3: Our graduates will be effective communicators to facilitate information flow in organizational, social, and intercultural contexts.

- Students will identify and assess diverse personal and organizational communication goals and audience information needs
- Students will demonstrate an ability to gather and disseminate information and communicate it clearly, logically, and persuasively in professional contexts
- Students will understand individual and group communications patterns and dynamics in organizations and other professional contexts

Learning goal 4: Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities and aspire to add value to society.

- Students will recognize ethical challenges in business situations and assess appropriate courses of action
- Students will understand professional codes of conduct

Learning goal 5: Our graduates will develop a global business perspective. They will understand how local, regional, and international markets, and economic, social and cultural issues impact business decisions so as to anticipate new opportunities in any marketplace.

- Students will understand that stakeholders, stakeholder interests, business environments (legal, regulatory, competitor) and business practices vary across regions of the world
- Students will understand how local, regional and global markets interact and are impacted by economic, social and cultural factors.

Learning goal 6: Our graduates will understand types of markets and key business areas and their interaction to effectively manage different types of enterprises.

- Students will demonstrate foundational knowledge of core business disciplines, including business analytics and business economics
- Students will understand the interrelationships between functional areas of business so as to develop a general perspective on business management
- Students will apply theories, models, and frameworks to analyze relevant markets (e.g. product, capital, commodity, factor and labor markets)
- Students will be able to use technologies (e.g., spreadsheets, databases, software) relevant to contemporary business practices

Appendix: Participation Behavioral Anchor Rating Scale

Excellent Performance

- Initiates information relative to topics discussed
- Accurately exhibits knowledge of assignment content
- Clarifies points that others may not understand
- Shares personal experiences or opinions related to topic
- Offers relevant / succinct input to class
- Actively participates in simulations and class exercises
- Demonstrates ability to apply, analyze, evaluate & synthesize course material.
- Demonstrates willingness to attempt to answer unpopular questions
- Builds on other students contributions

Good Performance

- Regularly participates in discussions
- Shares relevant information
- Gives feedback to classroom discussions
- Consistently demonstrates knowledge of reading assignments
- Demonstrates ability to analyze / apply course material
- Demonstrates willingness to attempt to answer questions

Fair / Average Performance

- Participates in group discussions when asked
- Demonstrates knowledge of course material
- Offers clear, concise, “good” information on class assignments
- Offers input, but tends to reiterate the intuitive
- Attends class regularly

Poor Performance

- Occasional input, often irrelevant, unrelated to topic
- Reluctant to share information
- Not following the flow of ideas
- Personal applications only
- Drains energy from the class

Unacceptable Performance

- Fails to participate even when specifically asked
- Gives no input to discussions
- Does not demonstrate knowledge of the readings
- Shows up to class: does nothing
- Distracts group / class
- Irrelevant discussion