I. Course Description

This quantitative course is for finance students who wish to learn various analysis and valuation techniques used by investors, venture capitalists, investment bankers, Wall Street analysts, mutual fund managers, and others concerned with valuing the debt or equity of small, medium and large public and private companies. We will first review time value of money and financial statement analysis to prepare us to value stocks and bonds. We then turn to equity valuation, i.e., valuing stocks. Valuation methods will include valuing equity on its own (discounted cash flow approach), as a claim on firm assets (entity approach), or in relation to other firms (relative value approach). We will also learn about the Capital Asset Pricing Model (CAPM), and how to estimate beta both from statistics and from raw data. We will review the effects of leverage and capital structure on valuation and betas.

We will also value bonds. We will learn about day count conventions, how to value a bond at and between coupon payments, invoice and flat pricing of bonds, calculate yield to maturities, default issues and how default affects pricing, Altman’s Z-score (using discriminant analysis) to estimate the likelihood of default. We will consider the yield curve and the term structure of interest rates and learn how to estimate forward rates and use forward rates to price bonds and/or estimate future rates. We then will finish with a study of the sensitivity of bond pricing to interest rate changes and the concept of duration.

The course will be taught as a mixture of lecture and class discussion. There will be a bit of cold calling at times, so it is best if you volunteer. As equity and bond valuations are a function of larger socio-economic variables, we will discuss current news each day in some detail as a “live” case study to place these valuations in context. Therefore, The Wall Street Journal is required reading prior to each class.

II. Learning Objectives

By the end of this course, students should be able to:

- Value a stock using the dividend discount model, comparable analysis, and a variety of other techniques
- Understand how larger macroeconomic forces and current events affect valuation
- Calculate the expected return on a stock using the CAPM
- Calculate the Beta of the stock
- Value a bond, including between coupon periods
- Evaluate term structure and calculate forward rates
- Calculate duration and the sensitivity of a bond to interest rate changes
- Construct and evaluate bond portfolios
III. Required Text:

While you are, of course, welcome to purchase each one of the three textbooks used in this course, there is a custom coursepack in the bookstore. It has the following chapters in it:

Coursepack:

Textbook Website: http://highered.mcgraw-hill.com/sites/0073382302/information_center_view0/

- Time Value of Money
- Chapter 5: The Time Value of Money

Textbook Website: http://highered.mcgraw-hill.com/sites/0073530700/information_center_view0/

- Fixed-Income Securities
- Chapter 14. Bond Prices and Yields
- Chapter 15. The Term Structure of Interest Rates
- Chapter 16. Managing Bond Portfolios

- Security Analysis
- Chapter 17: Macroeconomic and Industry Analysis
- Chapter 18: Equity Valuation Models
- Chapter 19: Financial Statement Analysis

Textbook Website: http://highered.mcgraw-hill.com/sites/0073382337/information_center_view0/

- Returns, Leverage, Valuation
- Chapter 10. Risk and Return: Lessons from Market History
- Chapter 11. Return and Risk: The Capital Asset Pricing Model
- Chapter 16: Capital Structure: Basic Concepts
- Chapter 18: Valuation and Capital Budgeting for the Levered Firm

You also need to read The Wall Street Journal. It is required reading EVERY DAY. (I am not kidding about this!) You are expected to keep up with the readings at ALL times!

There are a variety of materials on my website (see URL above) which are also related to the class that you will need or will be helpful.

IV. Recommended Books

You do NOT need to buy these, but some people will want some resources. The first two are particularly good and were candidates for required texts and so are worth reading.

V. Calculator

Students are required to either own or have unrestricted use of a financial calculator. The recommended
calculator is the Texas Instruments BAII Plus Financial Calculator, or the Hewlett-Packard HP 12C or
an equivalent. As this is a finance class and not a class on how to use your calculator, YOU NEED TO
KNOW HOW TO USE YOUR CALCULATOR!

VI. Course Work and Grades

Finance is not an easy subject, and this is not an easy class. You will need to think, study, practice the
problems at the end of the chapters, and be prepared for class to do well in this course. On the other hand,
if you are willing to put in some time and effort, you should find the class quite rewarding.

There will be a midterm, a group stock valuation project (which I will treat like a midterm in terms of
grading) and a final. The group stock valuation project will be on a stock of my choosing; be forewarned
that your work may be submitted to Turnitin or something equivalent. In addition, there will also be
homework for you to do on your own. Thus, no one score will determine your overall grade in the class.
All class members are expected to participate actively in the class.

Since we will have class discussion at times, all students are required to bring their name cards to each
and every class for the entire semester.

The initial calculation for the course grade will use the weights below, although outstanding good (or
bad) class participation may, at my option, be recognized by an increase (decrease) of a half grade or
more above and beyond this, at my sole discretion:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation, Initiative, Professionalism, and Improvement (PIPI)</td>
<td>10%</td>
</tr>
<tr>
<td>Midterm 1</td>
<td>30%</td>
</tr>
<tr>
<td>Stock Valuation Paper</td>
<td>25%</td>
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<tr>
<td>Final</td>
<td>35%</td>
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NOTE: Dr. Goldstein reserves the right to change any aspect of this course at any time, including, but not
limited to, assignments, grading methods or relative grading weights, assignment or exam dates, or the
course schedule. However, FINAL EXAMS may not be rescheduled.
Accommodations/Disabilities:
Any student who feels he or she may need an accommodation based on the impact of a disability should contact me privately and in a timely fashion to discuss his or her specific needs. Students must also contact the Manager of Disability Services at 781-239-4508 or in Hollister Hall to coordinate reasonable academic accommodations.

VII. Major Valuation Assignment

An important part of this course is the creation of a detailed company valuation and financial analysis, culminating in a Wall Street level written presentation. This group assignment will be completed in three sections: first, a preliminary economic and industry overview, second, a formal fundamental financial analysis, and finally a detailed valuation of your firm using the methods covered in the course that encompasses your work in the first two parts.

The Stephen D. Cutler Center for Investments and Finance in the Horn Library has many key resources for this course, including: Bloomberg, CapitalIQ, FactSet, Morningstar, Thomson One Banker, WRDS, CRSP, and MarketAxess Corporate BondTicker. Jack Cahill (x5257), Cutler Center and finance library liaison, will help you learn about library research sources.

VIII. Academic Honesty and Integrity

The standards and expectation of the Babson Honor Code and its academic honesty and integrity policies apply to this course as well as to any other course you are taking here. The policy is articulated in your Undergraduate Handbook. Failure of any student to take appropriate steps to fully understand the Code will not be an acceptable nor tolerated excuse for any violations.


All students have an obligation to act according to the Babson Honor Code. Students may be required to affirm their understanding of and commitment to the Babson Honor Code by writing the following honor code pledge on every exam, paper, project, or other academic exercise:

“I pledge my honor that I have neither received nor provided unauthorized assistance during the completion of this work.”

IX. Course Policies:

Please refer to the Undergraduate Student Handbook for the College’s policies on lateness, absenteeism, and excuses. Those are all in effect.
Generally speaking, however, it is your responsibility to get out of class what you can and not disturb others around you. It is very important to me that you respect each person in the class. Please do not interrupt or interfere with their learning process. Unprofessional conduct will be counted against your PIP score.

**Computer and Mobile Phone Usage During Class**

Misuse of computers during class will not be tolerated. This includes using computers for:

- instant messaging (MSN, AOL, Yahoo!, etc.) of any form
- Facebook, MySpace, Twitter
- web browsing not directly related to current class discussion
- looking at or engaging in inappropriate behavior or offensive material
- video games
- work for other classes

Students using computers for note taking are requested to sit in the last row of the classroom. Mobile phones should be turned completely off during class.

**X. Homework**

There may be a few assignments during the course of the semester which will be announced in class. However, besides this, students are generally expected to on their own try the problems at the back of each chapter and work through the answers themselves. **DOING PROBLEMS IS THE BEST WAY TO PREPARE FOR THE EXAMS!!!**

**XI. Course Schedule (subject to change)**

Below is a tentative course schedule. This schedule is SUBJECT TO CHANGE!!!

Please note that there are **three outside-of-class enrichment sessions** that you need to attend; you should consider them part of this course.

**Religious Observances:**

*Any student who faces a conflict between the requirements of this course and the observance of his or her religious faith should contact the instructor as early in the semester as possible. In such event, the instructor will provide reasonable accommodations that do not unduly disadvantage the student.*
Class #1: Wednesday, August 31  
**Topic:** Course Introduction  
**Main reading Assignment:** BMM 5 (Time Value of Money)  
**Preparation for Class:** Do reading and practice questions at the end of the chapter  
**Purpose of this Class:** To meet you and make sure you can discount appropriately. To make sure you understand real vs. nominal rates.  
**What I really want you to know:** Know how to discount, and use perpetuity formula and annuity formulas, even for periods less than one year. Know how to value a mortgage. Also, know how the difference between effective annual rates and other rates and be able to move from one to the other. Know that \((1+\text{nominal})=(1+\text{real})(1+\text{inflation expectations})\).

Class #2: Wednesday, September 7  
**Topic:** Understanding Financial Statements  
**Main reading Assignment:** BKM 19 (Financial Statement Analysis)  
**Preparation for Class:** Do reading and practice questions at the end of the chapter  
**Purpose of this Class:** To make sure you can analyze a company and to remind you of what you learned previously in Finance and Accounting here at Babson  
**What I really want you to know:** How to look at financial statements and really know if companies are comparable. How to calculate the ROE Ratio analysis. How to calculate cash flows. Mostly this is here to get you (re-)comfortable with financial statements and refresh (I hope) your memories of accounting ratios, so later on you know them when they are discussed. You will need this knowledge to do your group valuation.

Class #3: Monday, September 12  
**Topic:** Valuating Equity  
**Main reading Assignment:** BKM 18 (Equity Valuation Models)  
**Preparation for Class:** Do reading and practice questions at the end of the chapter  
**Purpose of this Class:** This is one of the most important chapters and topics in the course! This class is to introduce you to valuation by comparables and the dividend discount model  
**What I really want you to know:** How to value a stock using comparables. How to value a dividend-paying stock (VERY IMPORTANT). How to calculate growth rates. How to recognize ridiculous growth rates.

Class #4: Wednesday, September 14  
**Topic:** Valuating Equity  
**Main reading Assignment:** BKM 18 (Equity Valuation Models)  
**Preparation for Class:** Do reading and practice questions at the end of the chapter  
**Purpose of this Class:** This is one of the most important chapters and topics in the course! This class is to review the dividend discount model and make sure you understand what the P/E ratio is and how it is used. Same with Price-to-book.
What I really want you to know: How to value a stock that doesn’t pay dividends – yet! What the P/E ratio is. What the limitations of the P/E ratio are and how the P/E ratio relates to growth and the risk of the stock.

Class #5: Monday, September 19
Topic: Valuating Equity
Main reading Assignment: BKM 18 (Equity Valuation Models)
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: This is one of the most important chapters and topics in the course! This class is to review the dividend discount model, the P/E ratio, and discuss the Free Cash Flow to Equity model and how it varies from the Free Cash Flow/WACC model.
What I really want you to know: How to value a stock that doesn’t pay dividends – yet! How to use the Free Cash Flow to Equity model. How to use the Free Cash Flow/WACC model. Why I think the FCF/WACC model is misused a lot in the real world, resulting in incorrect valuations.

Class #6: Wednesday, September 21 (Note: Section 2 will meet on a different day, to be determined on the first day of class)
Topic: Industry Analysis and the Economy
Main reading Assignment: BKM 17 (Macroeconomic and Industry Analysis)
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: To understand that no company lives in a vacuum and is affected by its industry and larger economic forces.
What I really want you to know: How to analyze an industry and how to use your forecasts for the industry to improve your estimates when valuing your stock. How to evaluate business cycles and industry life cycles so you don’t expect exponential growth rates for your companies for forever.

Class #7: THURSDAY, September 22 (note the unusual day)
LOCATION AND TIME: 120 Olin Hall, 4:30 to 6 pm
Topic: Careers in Investments
Main reading Assignment: Look at http://www.babson.edu/Academics/centers/cutler-center/Pages/center-events.aspx . Review the biographies listed.
Preparation for Class: Review the biographies listed at http://www.babson.edu/Academics/centers/cutler-center/Pages/center-events.aspx .
What is the presentation: Cutler Center/BIMA/CCD Investments Career Panel. Moderator: Don O’Connor, Associate Director, Financial Services, Graduate Center for Career Development
Rick Spillane, CFA, Faculty Director, Babson College Fund (former Director of Research, Fidelity)
Mark D’Annolfo, Director, Cutler Center. (Former Equity Analyst with Deutsche Bank; top ranked by The Wall Street Journal in its All-Star Analysts Survey for his stock picking and earnings accuracy acumen)
David Thompson, CFA, M’71, Managing Director of Fixed Income Management, Highmount Capital
David Lamere ’82, former Vice Chairman, BNY Mellon and CEO, BNY Mellon Wealth Management
Purpose of this Class: To understand what jobs there are in the investment industry which use security valuation and how it is used and learn from people who analyze securities for a living. To meet people that you can talk to about security valuation since you have a large group valuation project and you might want some resources/contacts.

What I really want you to know: I want you to familiarize yourself with how security valuation is used in the real world and who uses it. Having a practical understanding of who uses security valuation and why will not only help you understand how to value securities better, but will help you understand different players in this industry.

Class #8: Monday, September 26
Topic: Statistics and Historical Market Returns
Main reading Assignment: RWJ 10 (Risk and Return: Lessons from Market History)
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: To make sure you are familiar with the history of market returns. The difference between arithmetic and geometric averages.
What I really want you to know: How to calculate a return. What are holding period returns and standard deviations for different size stocks and bonds. This is more of a general knowledge chapter.

Class #9: Wednesday, September 28
Topic: The Capital Asset Pricing Model (CAPM)
Main reading Assignment: RWJ 11 (Return and Risk: The Capital Asset Pricing Model (CAPM))
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: This is a KEY chapter for this class! To understand how the CAPM works, and particularly the statistics used in portfolio math, like covariance and correlation. How to calculate the expected return and variance of a portfolio. To introduce Beta.
What I really want you to know: You must understand how to calculate an expected return, a standard deviation, a covariance, and a correlation. You need to know what these statistics are and mean. You need to be able to calculate the expected return and the variance of a portfolio.

Class #10: Monday, October 3
Topic: The Capital Asset Pricing Model (CAPM)
Main reading Assignment: RWJ 11 (Return and Risk: The Capital Asset Pricing Model (CAPM))
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: This is a KEY chapter for this class! To help you understand the efficient set with two or more assets, and where the CAPM comes from. What diversification is and where it comes from. The effects of correlation. What is systematic and unsystematic risk. What the optimal portfolio is and why. To introduce the formula for Beta and the CAPM formula.
What I really want you to know: EVERYTHING! Particularly the formula for the beta and the CAPM formula. What the effects of correlation are on Beta.
Class #11: Wednesday, October 5
Topic: The Capital Asset Pricing Model (CAPM)
Main reading Assignment: RWJ 11 (Return and Risk: The Capital Asset Pricing Model (CAPM))
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: This is a KEY chapter for this class! To make sure you understood the previous two classes and how to use the CAPM. Also, how to calculate a beta, both from statistics and from raw data.
What I really want you to know: How to use the CAPM. How to calculate a beta if you know the correlation with the market and the standard deviations. How to calculate a beta from raw data. How to get the raw data.

Class #12: Tuesday, October 11 (Note unusual day)
Topic: Capital Structure
Main reading Assignment: RWJ 16 (Capital Structure: Basic Concepts)
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: To show how does leverage affect valuations. Also to show you where the WACC formula comes from. To show that the overall value of the firm might not change with leverage, although the value of equity might. To show the effect of taxes on valuation and to introduce the idea of the value of a tax shield.
What I really want you to know: That the overall value of a firm is the value of the debt plus the value of the equity. That in a world without taxes, the value of the firm does not change with an increase in leverage and to REALLY understand what this means. How to calculate the value of the tax shield. How the tax shield affects the stock price. How to get WACC yourself and when to use WACC and when to use the required equity return from the CAPM.

Class #13: Wednesday, October 12
Topic: Capital Structure
Main reading Assignment: RWJ 16 (Capital Structure: Basic Concepts)
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: To review capital structure, because there is NO WAY you absorbed all of this one day earlier.
What I really want you to know: All of the stuff from the previous class.

Class #14: Monday, October 17
Topic: Valuation and Capital Structure
Main reading Assignment: RWJ 18 (Valuation and Capital Budgeting for the Levered Firm)
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: To show you how to use the stuff you learned in the capital structure classes to value a company. Even more importantly, to show you that the valuation techniques you learned previously in the stock valuation chapters are here again and are basically the same, particularly the flows to equity. Also, how to adjust Beta for leverage. To show you when and where to use APV, FTE, and WACC.
What I really want you to know: How to use Adjusted Present Value, Flows to Equity, and WACC. When to use which one. How to lever/unlever betas.
Class #15: Tuesday, October 18 ((note the unusual day)
LOCATION AND TIME: Olin Auditorium, 5:00 to 6:00 pm

Topic: Market Outlook
Main reading Assignment: None
Preparation for Class: Pay attention to the markets for the previous week
Purpose of this Class: We are very fortunate to have Jurien Timmer, Director of Global Macro and Portfolio Manager, Fidelity Investments, who will give his overview of the markets. People pay a lot of money to hear his market outlook; you have to value a stock for your group project so you need to know about market expectations and you can hear him for free!

What I really want you to know: How to look at the macro economic world and adjust both risk/return expectations and also cash flow expectations as you should have learned in Class #6. Think about how this will affect your group valuation estimates.

Class #16: Wednesday, October 18

Topic: Group Project Day/ Understanding Cutler Center Resources
Main reading Assignment: None
Preparation for Class: Work on your group valuation project.
Purpose of this Class: Jack Cahill of the Cutler Center and Horn Library will introduce you to the financial databases and resources that the Cutler Center can provide to help you with your group valuation project. This day is set aside for your group to meet and work on the group valuation project.

What I really want you to know: That you need an amazing amount of material to value a company and you are already behind and really need to get organized!

Class #17: Monday, October 24

Topic: Group Project Day/Understanding Cutler Center Resources
Main reading Assignment: None
Preparation for Class: Work on your group valuation project.
Purpose of this Class: Jack Cahill of the Cutler Center and Horn Library will continue the discussion of financial databases and resources to help you with your group valuation project. This day is set aside for your group to meet and work on the group valuation project. It is a continuation of what you did previously so you can follow through.

What I really want you to know: That you need an amazing amount of material to value a company and you are already behind and really need to get organized and to evaluate your progress over the weekend.

Class #18: Wednesday, October 26

Topic: Valuation and Capital Structure
Main reading Assignment: RWJ 18 (Valuation and Capital Budgeting for the Levered Firm)
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: To remind you of all of the stuff you learned in the capital structure classes to value a company. To reemphasize linkages between the stock valuation techniques and APV, FTE, and WACC. Also, how to adjust Beta for leverage.

What I really want you to know: How to use Adjusted Present Value, Flows to Equity, and WACC. When to use which one. How to lever/unlever betas.
Class #19: Monday, October 31
Topic: Review
Main reading Assignment: None
Preparation for Class: Come with questions!
Purpose of this Class: To review everything to date and prepare you for the midterm
What I really want you to know: How to be ready for the midterm and that you REALLY need to study for it!

Class #20: Wednesday, November 2
Topic: MIDTERM
Main reading Assignment: None
Preparation for Class: STUDY!
Purpose of this Class: To test you!
What I really want you to know: All of the material to date!

Class #21: Monday, November 7
Topic: Valuing Bonds
Main reading Assignment: BKM 14 (Bond Prices and Yields)
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: This is a KEY chapter and VERY IMPORTANT for this class! To get you started on valuing bonds, including between coupon dates. To introduce accrued interest. To explain TIPS, Treasury Strips, and other government bonds. To learn what the flat price is and the invoice price. To make sure you can calculate yields to maturity and know what yield to call is. To compare/contrast yield to maturity with holding period returns. To discuss default issues. To explain Altman’s Z-score and discriminant analysis.
What I really want you to know: How to price bonds between coupons. How to calculate accrued interest, the invoice price and the flat price and why they are different. How to calculate yield to maturity. How to use Altman’s Z-score.

Class #22: Wednesday, November 9
Topic: Valuing Bonds
Main reading Assignment: BKM 14 (Bond Prices and Yields)
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: Because you will need review of what we did in Class #21.
What I really want you to know: Same as Class #21.

Class #23: Monday, November 14
Topic: Term Structure
Main reading Assignment: BKM 15 (The Term Structure of Interest Rates)
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: This is a KEY chapter and VERY IMPORTANT for this class! To demonstrate and introduce the yield curve. To show the effects on bond pricing. To teach you how to estimate future interest rates through forward rates. To discuss the theories of term structure, including the liquidity preference and the expectations hypotheses. To understand the effects of inflation (remember class #1?).

What I really want you to know: How to calculate forward rates. How to use the forward rates to predict future rates. How the forward rates and future expectations affect current rates.

Class #24: Wednesday, November 16
Topic: Term Structure
Main reading Assignment: BKM 15 (The Term Structure of Interest Rates)
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: Because you will need review of what we did in Class #23.
What I really want you to know: Same as Class #23.

Class #25: Wednesday, November 16 (SAME DAY)
LOCATION AND TIME: Needham/Wellesley Room, 5:00 to 6:00
Topic: Raising Capital
Main reading Assignment: None
Preparation for Class: Review Bios at http://www.babson.edu/Academics/centers/cutler-center/Pages/center-events.aspx
Purpose of this Class: To learn how capital is raised and valued.
What I really want you to know: How to raise/value companies in the real world.

***** THANKSGIVING BREAK *****

Class #26: Monday, November 28
Topic: Duration and Bond Portfolios
Main reading Assignment: BKM 16 (Managing Bond Portfolios)
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: To introduce interest rate risk. To demonstrate the sensitivity of bond prices to interest rate changes. To introduce duration. To show how duration of a bond is kind of like the beta of a stock – both measure how the sensitivity of one thing to another. To demonstrate that duration is really a derivative. To derive Macaulay duration using calculus! To demonstrate convexity – why Macaulay duration is not correct. How to immunize bonds or the need for money later
What I really want you to know: How to derive and calculate duration. How to use duration.

Class #27: Wednesday, November 30
Topic: Duration and Bond Portfolios
Main reading Assignment: BKM 16 (Managing Bond Portfolios)
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: Because you will need review of what we did in Class #26.
What I really want you to know: Same as Class #26.
Class #28: Monday, December 5 – GROUP VALUATION PROJECTS ARE DUE!!!
Topic: Duration and Bond Portfolios
Main reading Assignment: BKM 16 (Managing Bond Portfolios)
Preparation for Class: Do reading and practice questions at the end of the chapter
Purpose of this Class: Because you will need review of what we did in Class #26.
What I really want you to know: Same as Class #26.

Class #29: Wednesday, December 7 – A date that will live in INFAMY!
Topic: Course Review/Last Day of Class
Main reading Assignment: EVERYTHING WE HAVE EVER DONE.
Preparation for Class: Come in with questions
Purpose of this Class: Summarize the course and prepare you for the final
What I really want you to know: Absolutely everything!

Class #30: TBA: FINAL EXAM
## Schedule Summary

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<thead>
<tr>
<th>Date</th>
<th>READING ASSIGNMENT</th>
<th>CHAPTERs</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 31</td>
<td>Time Value of Money</td>
<td>BMM 5</td>
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<tr>
<td>September 7</td>
<td>Financial Statement Analysis</td>
<td>BKM 19</td>
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<tr>
<td>September 12</td>
<td>Equity Valuation Models</td>
<td>BKM 18</td>
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<tr>
<td>September 19</td>
<td>Equity Valuation Models</td>
<td>BKM 18</td>
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<tr>
<td>September 21</td>
<td>Macroeconomic and Industry Analysis</td>
<td>BKM 17</td>
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<tr>
<td><strong>September 22 (Thurs)</strong></td>
<td><strong>Careers in Investments, 4:30 – 6:00 pm, Olin Hall 120</strong></td>
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<td>September 26</td>
<td>Risk and Return: Lessons from Market History</td>
<td>RWJ 10</td>
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<td>September 28</td>
<td>Return and Risk: The Capital Asset Pricing Model (CAPM)</td>
<td>RWJ 11</td>
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<td>October 3</td>
<td>Return and Risk: The Capital Asset Pricing Model (CAPM)</td>
<td>RWJ 11</td>
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<td>October 5</td>
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<tr>
<td>October 11 (Tuesday)</td>
<td>Capital Structure: Basic Concepts</td>
<td>RWJ 16</td>
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<td>October 12</td>
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<td>October 17</td>
<td>Valuation and Capital Budgeting for the Levered Firm</td>
<td>RWJ 18</td>
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<td><strong>October 18 (Tuesday)</strong></td>
<td><strong>Market Outlook 5:00 – 6:00 pm (tentative), Olin Auditorium</strong></td>
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<td>October 19</td>
<td>GROUP PROJECT DAY</td>
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<td>October 24</td>
<td>GROUP PROJECT DAY</td>
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<td>October 26</td>
<td>Valuation and Capital Budgeting for the Levered Firm</td>
<td>RWJ 18</td>
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<tr>
<td>October 31</td>
<td>REVIEW (Halloween)</td>
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<td>November 2</td>
<td>MIDTERM</td>
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<tr>
<td>November 7</td>
<td>Bond Prices and Yields</td>
<td>BKM 14</td>
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<tr>
<td>November 14</td>
<td>The Term Structure of Interest Rates</td>
<td>BKM 15</td>
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<td>November 16</td>
<td>Raising Capital, 5:00 – 6:00 pm, Needham/Wellesley Room</td>
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<tr>
<td>November 21</td>
<td>THANKSGIVING BREAK</td>
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<td>November 23</td>
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<td>November 28</td>
<td>Managing Bond Portfolios</td>
<td>BKM 16</td>
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<td>November 30</td>
<td><strong>&quot;</strong></td>
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<td>December 5</td>
<td>Managing Bond Portfolios</td>
<td>BKM 16</td>
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<tr>
<td>December 7</td>
<td>LAST DAY OF CLASS / Course Review</td>
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</tr>
<tr>
<td>TBA</td>
<td>FINAL EXAM</td>
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