Time: Tue and Thu: 12:30-1:50 pm  
Place: Lee 243  
Instructor: Dr. Saltuk Ozerturk  
Office: 301X Umphrey Lee  
Phone: 768 33 44  
E-Mail: ozerturk@mail.smu.edu

Course Description: This course provides an introduction to basic concepts of financial management and corporate finance. The main objective is to provide an understanding of the financial decisions that a firm has to make. While doing that, we will also go into details of security valuation, especially in the case of debt financing (bonds) and equity financing (stocks).

Office Hours: Tue and Thu 3:30-5:30 pm or by appointment.

Recommended Textbook (Optional):


Required Lecture Notes: The entire set of lecture notes for Eco 4368 can be found and printed from my website at http://faculty.smu.edu/ozerturk/teaching.html

Attendance Policy: Attendance is absolutely mandatory and will count for 5% of your grade. Your grade from attendance will be determined on a pro rata basis. If you miss half of the classes, you will lose half of the credit available for attendance.
**Grading:** Grading will be based on attendance, 2 small quizzes and 3 midterm exams with the following weights:

- **Attendance:** 5%.
- **2 Quiz Exams:** 5% total (Open Notes).
- **3 Midterm Exams:** 30% each (Closed Notes).

**Make-up Exam Policy:** There is no make-up for quizzes. For the midterms no make up exams will be offered except in cases of documented medical or family emergency.

**Disability Accommodations:** In accordance with the Americans with Disabilities Act, if you need academic accommodations for a disability, you must first contact Ms. Rebecca Marin, Coordinator, Services for Students with disabilities (214-768 54 63) to verify the disability and establish eligibility for accommodations. Then, you should schedule an appointment with me for the necessary arrangements.

**Religious Observance:** Religiously observant students wishing to be absent on holidays that require missing class should notify me in writing at the beginning of each semester, and should discuss with, in advance, acceptable ways of making up any work missed.

**Excused Absences For University Extracurricular Activities** Students participating in an officially sanctioned, scheduled University extracurricular activity will be given the opportunity to make up class assignments or other graded assignments. It is the responsibility of the students to notify me in advance and make arrangements.
Tentative Course Outline for ECO 4368

- **Risk and Return**
- **Diversifiable versus Market Risk**
- **Security Market Line and CAPM**
- **Time Value of Money**
- **Bonds and Their Valuation**
- **Interest Rate and Maturity Risk on Bonds**
- **Common Stock Valuation**
- **Common Stock Valuation and CAPM**
- **Stock Valuation with Non-Constant Dividend Growth**
- **Cost of Capital (WACC)**
- **Choice between External and Internal Equity**
- **Capital Budgeting**
- **Review of Decision Rules in Capital Budgeting**
- **Derivatives and their Use in Risk Management**
- **Swaps and Interest Rate Risk Management**