Syllabus

**PURPOSE OF THE COURSE**
This course is designed to provide the student with an introduction to the field of financial markets, institutions, valuation of financial securities, and the trading process. Students pursuing a concentration in finance should view this course as an introductory course in investments. Elective courses in the finance curriculum use the ideas introduced here as the starting point for more detailed discussions of specialized areas in finance.

**INSTRUCTOR**
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**TEACHING ASSISTANT**
Shelley Xia  
E-mail: zx201@stern.nyu.edu  
For questions pertaining to the class material, you should first e-mail Shelley (with a copy to me). Shelley will also be available for individual meetings.

**TEXT**


A solutions manual to end-of-chapter problems from the text (BKM) is also available.

Reading the *Wall Street Journal*, though not required, is strongly recommended. Relevant material from the WSJ will be handed out in class.

**CLASS NOTES**
I will make available notes to you on a regular basis throughout the course. Please bring the notes to class as these will form the basis for most classroom discussions. *Notes are not meant to be a substitute for the textbook*. Most lecture notes will be on Prometheus. Some will be handed out in class. Material handed out in class cannot be sent as electronic files.

**CALCULATOR**
Although many different financial calculators are available in the market, I would recommend a relatively simple one – one that has the basic arithmetic functions and a few memory registers. However, in the past, the HP-12C has been popular at Stern. We will have an optional HP-12C session.

**PREPARING FOR THE CLASS**
The best way to prepare for the course is to read the day’s material in advance. The reading material should consist of the text chapters and the class notes. Never mind if you do not fully follow the material on the first reading. Come prepared to ask questions in class. Attempt to test your understanding by trying the concept checks.
Sample Syllabus for Spring 2003

The answers to concept checks are given at the end of each chapter. The material is quantitative and the class is somewhat fast-paced. Keeping up with the class is the key to success in this class.

LECTURES
As far as course requirements are concerned, attendance is not mandatory. However, some of you might find the lectures to be useful. It has been my experience that, following a missed lecture, most students spend the rest of the term struggling to ‘catch-up’ – usually with little success.

GRADE DETERMINATION
The final grade will be based on 2 exams and 4 problem sets. The weights for the examinations and the problem sets are as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid Term Exam</td>
<td>40%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>50%</td>
</tr>
<tr>
<td>4 Problem Sets</td>
<td>10%</td>
</tr>
</tbody>
</table>

The finance department suggests the following distribution of grades for this course: A (15%), B (60%), C (20%), D & F (5%).

EXAMS
The exams will consist of short, multiple-choice type questions. I will provide sample exam problems prior to the exam. The exam will be closed book. You will be able to bring a 4-page review handout which I will prepare for you. The topics for the final exam will not be cumulative i.e. it will cover only topics covered after the mid-term.

PROBLEM SETS
For the problem sets, you are encouraged to work in groups of up to 3 members. Since an answer key will be made available immediately after the due date, no late homework can be accepted. Also, since graded problems sets may not be returned before the next examination, you are advised to make a copy of your solutions before turning them in. Please use letter size paper only for the problem sets.

PREREQUISITES
B09.2301 (accounting) B09.2303 (microeconomics), and B09.2405 (statistics)

PROMETHEUS
We will use Prometheus for this class. You can access it by logging in at the following URL: courses.stern.nyu.edu/. There is an online student manual. If you have any problems, don't call me, call edtech@stern.nyu.edu or the helpdesk. E-mail is an important part of this class. I will send you frequent e-mails throughout the semester. Most files will be in the PDF format. You should download the latest version of the Adobe Acrobat Reader from www.adobe.com. All e-mails will be sent your Stern e-mail address. If you wish to have your e-mails forwarded to another address, you should modify the forwarding information in Simon.
## Sample Syllabus for Spring 2003

### B01.2311: FOUNDATIONS OF FINANCE
#### FALL 2002

### COURSE SCHEDULE AND ASSIGNMENTS

<table>
<thead>
<tr>
<th>Week</th>
<th>Text Chapters</th>
<th>Topic</th>
</tr>
</thead>
</table>
| 1    | RWJ           | • Introduction  
|      |               | • Time Value of Money |
| 2    | RWJ           | • Time Value of Money  
|      | BKM 6.1, 6.4 | • NPV, Value Maximization |
| 3    | RWJ           | • Capital Budgeting Fundamentals |
| 4    | BKM 10        | • Term Structure of Interest Rates  
|      |               | • PROBLEM SET 1 DUE |
| 5    | BKM 11        | • Bond Pricing  
|      |               | • Managing Fixed Income Portfolios |
| 6    | BKM 13        | • Equity Valuation |
| 7    | BKM 2         | • Stock Market Indexes  
|      |               | • Review  
|      |               | • PROBLEM SET 2 DUE |
| 8    | BKM 7-8       | • MID-TERM EXAM (6:00-7:45)  
|      |               | • PORTFOLIO THEORY |
| 9    | BKM 7-8       | • Portfolio Theory |
| 10   | BKM 9         | • Portfolio Theory  
|      |               | • Efficient Markets Hypothesis |
| 11   | BKM 9         | • Efficient Markets Hypothesis  
|      |               | • PROBLEM SET 3 DUE |
| 12   | BKM 16        | • Options |
| 13   | BKM 17        | • Options |
| 14   | BKM 18        | • Futures  
|      |               | • PROBLEM SET 4 DUE |
|     |               | Dec 16  
|     |               | • FINAL EXAM (6:00-8:00) |