This course covers the fundamentals of modern financial analysis. The course is organized around three themes: (i) valuing an asset, project, or firm, (ii) raising capital, and (iii) managing risk. Topics include personal, firm, and social investment decisions, startup financing, risk analysis, and an introduction to security analysis and asset management. This course is a prerequisite for all other electives offered by the Finance Group.

Registration

Sections C and D are for Sloan MBA students and Sloan Fellows. Undergraduates, non-MBA graduate students, and cross-registered students should register for Section A or B unless permission has been granted to register for C or D. For any issues with registration, please get in touch with course administrative assistant Mounir Djidel (djidel.m@mit.edu).

Class Schedule

Each section meets for lecture twice weekly:

- Section C: Monday/Wednesday, 10:00–11:30AM, E52-164.
- Section D: Monday/Wednesday, 1:00–2:30PM, E51-145.

All class meetings begin five minutes after and end five minutes before the listed times.

TAs: Recitations and Office Hours

The TAs will hold weekly recitations to review class material and cover additional applications and exercises:

- Section C: Friday, 10:00–11:00AM, E51-335.
- Section D: Friday, 9:00–10:00AM, E51-335.

You can attend either recitation regardless of your enrollment, and note that they may at some point be consolidated. The TAs will also hold weekly office hours (times TBA).

Course Website

Course Canvas site: TBA.

All teaching materials, problem sets, lecture questions, and course announcements will be posted on the Canvas site. For case materials, see the sidebar labeled Study.Net Materials.
My Office Hours

TBA, or by appointment (elazarus@mit.edu). You can either come to my office (E62-633) or meet with me on Zoom. If you’d like to meet via Zoom, please let me know by email.

Tutoring

Extra help is available through the core tutoring program: https://mysloan.mit.edu/Programs/mba/Academic/tutoring/coretutoring/Pages/default.aspx.

Administrative Assistant

Abdel-Mounir Djidel: E62-631, (617) 715-5880, djidel_m@mit.edu.

Course Requirements and Grading

Course requirements include regular attendance and participation in class, short lecture questions, three problem sets, four case write-ups, and the midterm and final exams. The following weights will be used to determine each student’s overall course grade:

10%  Class participation
30%  Short lecture questions, problem sets, and case study write-ups
20%  Midterm exam
40%  Final exam

The open-book in-class midterm exam will be held either on Wednesday, March 15 or on Wednesday, April 5, with the date announced before the beginning of the semester. The open-book three-hour final exam will be held sometime during the final exam period (May 19 and 22–24), with date and time announced when released by the registrar (usually the third week of the semester). Please reserve these dates and schedule your interviews and travel plans accordingly.

Class Participation

Participation is an essential component of the course. Active discussions are expected throughout the term, with particular emphasis on participation during case discussions and current-events discussions. Deeper conceptual questions and comments during lecture will also be particularly rewarded in participation grades, but please don’t hesitate to interrupt me with clarifying questions as well.

I understand that you have lives outside of class, but unless you have an approved accommodation (see below), I will enforce that you not use devices during class. I’ll distribute lecture slides at the beginning of class with the goal of making it easier to follow along without the use of a computer.
Lecture Questions, Problem Sets, and Cases

You may work on lecture questions, problem sets, and cases in groups of up to three people, but each group member should submit their own responses. Late assignments will not be accepted.

- Lecture questions (e.g., LQ 1.1) will be posted before each class and administered online, to be submitted on Canvas by 10:00PM on Wednesdays and Fridays. You are encouraged to do them as soon as you finish the lecture. Most lecture questions will be short review problems. From time to time, I may instead assign a “news response” lecture question, asking you to read a short recent news item related to a concept we’ve covered in lecture and submit a short (no more than four sentences) critical response to a question I assign along with the story.

- There will be three assigned problem sets (e.g., PS 1) emphasizing practical implementations of course concepts. Problem sets are similar to exam questions, with the exception that problem sets may contain questions requiring Excel. The problem sets are typically due at 10:00PM on Sundays via Canvas.

- There will be four assigned case study write-ups, each due at the start of class before we discuss the case. Each student should submit their own copy of the case-study write-up on Canvas before class begins. If you work with a group, you can all submit the same write-up, but please note who you worked with on your write-up. Case materials can be accessed on Canvas, in the sidebar labeled Study.Net Materials. I’ll give further guidance on the form of the case write-ups before the first one is due.

Exams

- The midterm and final exams will test your understanding of the key class concepts. They do not test your ability to memorize or to use your calculator; instead, they probe your deeper understanding of the material. To prepare for these exams, you should review the slides together with your own class notes, the required readings, the problem sets, and the sample exams. The final exam is cumulative.

- Exams are open book, but no laptops, smartphones, tables, etc. are allowed unless necessary as an approved accommodation. Aside from this, there are no restrictions on the notes you may bring to the exam. We recommend reviewing the course material in detail before the exam, as you will not generally have time to comb through all your lecture notes to find the relevant material for the exam questions.

- You must bring a dedicated calculator to the exam. Any scientific or graphing calculator is acceptable.

- Students can request to see their graded final exams after the end of the semester.

- If you have an approved disability accommodation (e.g., extra time for exams), please send us the appropriate documentation and let us know at least two weeks in advance of exams so that we can make arrangements.
Additional Readings

We’ll sometimes post additional readings on the course Canvas site to complement the material covered in lecture. These readings will generally be optional, aside from the news response readings (see detail under Lecture Questions, Problem Sets, and Cases above).

We also encourage you to follow financial and macroeconomic news; MIT Libraries provide free access to the Financial Times, Wall Street Journal, and New York Times, among others. I also particularly recommend signing up for Matt Levine’s free “Money Stuff” newsletter at Bloomberg (https://www.bloomberg.com/account/newsletters/money-stuff).

In addition to the above resources, you may want to consult the following texts for more detail on the course material:


   - Bodie, Kane, and Marcus focus exclusively on capital markets. They provide a more thorough analysis of investments than Brealey, Myers, and Allen.

   - A good introduction to some basic ideas in investing.

   - An entertaining alternative historical account of financial markets.

The above textbooks are available on reserve at the Dewey Library, E53-100. The course materials are meant to be self-contained, so the textbooks are not required. But they often provide details or alternative explanations for concepts covered in class, and can be a useful reference for anything you’re finding challenging or would like to know more about.

Course Values, Environment, and Accommodations

You are responsible for upholding Sloan’s code of conduct, which mandates zero tolerance for cheating and plagiarism. For more details on Sloan’s academic policies, please read the document “Classroom Expectations,” which is available on the course site.

Just as you’re required to follow the course requirements and code of conduct, I’m responsible for ensuring a healthy and supportive class environment. If you’re facing any difficulties, either inside or outside the classroom, please feel free to speak to me, or contact Student Support Services (617-253-4861) or Student Mental Health & Counseling (617-253-2916 during business hours, 617-253-4481 otherwise).

Please let me know if you need (or think you might need) any disability-related accommodations (and if you haven’t done so, I encourage you to contact Student Disability Services at uaap-sds@mit.edu as well).