



Course Syllabus

Advanced Topics in Finance

August – December 2018

X Cycle

Professor

Edmundo R. Lizarzaburu

I. General Information of the Course

Subject : Advanced Topics in Finance
Requisite : Instrumentos Financieros
Credits : 3

Code : 04442
Semester : 2018-2
Cycle : X

II. Details

The course shows the student issues that contribute to their training, enabling them to develop skills for proper financial management. The course studies, risk management with application of Value at Risk (VaR). Valuation of companies. Social assessment of projects. Mergers and acquisitions. Derivatives. Ohlson model. Capital structure. Credit risk. Trusts. Project Finance. Structuring transactions to medium term. **Besides the course would include several virtual and online sessions.**

III. Course Objectives

The course objective is to provide the tools and techniques for the analysis of statistical data and indicators for management decision making and review several financial topics.

Also, provides the concepts and principles of current finances, applied to both local and international market and allows the student to understand the concepts of finance such as financial statement analysis, planning and management scenarios.

Besides, the course reviewed risk management strategies and the impact of them in the companies and business. Identify opportunities and challenges that globalization needs.

IV. Learning Goals

After completing the course, students:

- Understand the importance of financial analysis.
- Know the determinants of credit risk.
- Review the variables to consider when evaluating a company.
- Acquire knowledge on mergers and acquisitions.
- Analyze and review the trust mechanism.
- Understand the application of project finance in the Peruvian market.
- Understand the importance of managing stakeholders.

V. Methodology

The classes will be developed to promote the combination of theory with practice, there will be investment simulations with applications that allow capture everything we learned in class to which, the teacher assumes the role of facilitator of learning.

Be combined also with teamwork, to reinforce learning and developing the participant the skills needed to function successfully.

The participant must read the assigned materials for each session which will consolidate their classroom learning and will be taken in the controls, practices and qualifying exams.

VI. Evaluation

The assessment system is continuous and comprehensive. Its purpose is to promote student learning. It is evaluated the learning activities throughout the course such as participation, case studies, research, practices and other activities assigned qualified.

It assesses the knowledge acquired in the middle and end of the cycle through a midterm (partial) and a final. The mark will be obtained by averaging the continuous assessment – evaluation (40%), the midterm – partial exam (30%) and final exam (30%).

Continuous evaluation is the weighted average of the evaluations that correspond to the monitoring of student learning process: Practices qualified / Case / Research Work / Participation in classes / activities assigned. The average of these scores gives the final grade.

PERMANENT ASSESSMENT AVERAGE (PAA) 40%		
Type of evaluation	Description	Weight %
Quiz*	3 Quizzes None can be canceled / Dates TBC	30%
Group Paper Critique**	Weekly Paper Critique	30%
Individual Research Assignment**	Individual Research Paper + Presentation	30%
Class Involvement	Participation and Attendance	10%

* No grade is canceled.

** The guidelines for both the Group and Individual Research Assignments will be handed out by the teacher at the start of the semester.

Final Average (FA) is calculated as follows:

$$PF = (0, 30 \times EP) + (0, 40 \times PEP) + (0, 30 \times EF)$$

Where:

PF = Final Grade

EP = Partial Exam

PEP = Average of continuous evaluation

EF = Final Exam

VII. Program Course

WEEK	DETAILS	ACTIVITIES
<p style="text-align: center;">1°</p> <p>From August 20th to 25th</p>	<p>1.- Introduction and Finance Analysis.</p> <ul style="list-style-type: none"> - Overview of the Financial Function - Introduction to Corporate Governance - Standard Ratio Analysis - Industry Specific Ratio Analysis - Market Ratios - Vertical and Horizontal Analysis - Manager function - CFA - www.garp.com <hr/> <ul style="list-style-type: none"> - Ross, S., Westerfield, R. & Jaffe, J. (2007) Modern Financial Management. Chapter 3. - “Case Studies of Good Corporate Governance Practices” from the OECD - Topcis in Finance, Chapter 1 	
<p style="text-align: center;">2°</p> <p>From August 27th to September 1st</p>	<p>2.- Risk Management and ISO 31000: 2018</p> <ul style="list-style-type: none"> - Risk meaning - Ratio Analysis calculation (impact in the corporate governance) - Measures - Prices and returns - SML, CAPM, Beta - Industry Ratios - Market Price, Latam Programs - Portafolios theory (two assets) - EPU - Equity, Bonds, Vector Price, calculation, discount and Premium value. - Yield to maturiy <hr/> <ul style="list-style-type: none"> - Ross, S., Westerfield, R. & Jaffe, J. (2007) Modern Financial Management. Chapter 9. - Jorion, P. (2010). Financial Risk Manager HANDBOOK. Chapter 10. - Topcis in Finance, Chapter 2 	<p>Presentation/Comments</p>
<p style="text-align: center;">3°</p> <p>From September 3rd to 8th</p>	<p>3.- Reputational Risk</p> <ul style="list-style-type: none"> - Stakeholders and the relation with reputation - Reputation theory in several sectors <hr/> <ul style="list-style-type: none"> - Ross, S., Westerfield, R. & Jaffe, J. (2007) Modern Financial Management. Chapter 17. 	<p>Presentation/Comments Quiz 01</p>
<p style="text-align: center;">4°</p> <p>From September 10th to 15th</p>	<p>3.- Enterprise Valuation II</p> <ul style="list-style-type: none"> - Market capitalization - Valuation Models - Discount Rate - Finance Report example 	<p>Presentation/Comments</p>

	<ul style="list-style-type: none"> - S&P, Fitch, Moody's - Financial Planning and Forecasting - Value Drivers - Investment Valuation - Loan Amortization - Sustainable Growth Rate - Economic Indicators - NPV - IRR - Pro-forma and Forecasted Statements 	
<p style="text-align: center;">5°</p> <p style="text-align: center;">From September 17th to 22nd</p>	<p>4.- Mergers and Acquisitions (M&A)</p> <ul style="list-style-type: none"> - Forms of acquisitions - Synergy - Reason for Merge - Stockholders - Type of Stocks - Defensive tactics - Tax consideration - Check list to evaluate a M&A <p>- Ross, S., Westerfield, R. & Jaffe, J. (2007) Modern Financial Management. Chapter 29.</p>	Presentation/Comments
<p style="text-align: center;">6°</p> <p style="text-align: center;">From September 24th to 29th</p>	<p>5.- Capital Structure.</p> <ul style="list-style-type: none"> - Basic Concepts - Modigliani and Miller - Taxes - Use of debt - WACC - CAPM <p>- Ross, S., Westerfield, R. & Jaffe, J. (2007) Modern Financial Management. Chapters 15 & 16</p>	Presentation/Comments Quiz 02
<p style="text-align: center;">7°</p> <p style="text-align: center;">From October 1st to 6th</p>	<p>6.- Credit Risk.</p> <ul style="list-style-type: none"> - Banking credit risk - Credit scoring - Enterprise credit risk - 5 C of Credit - Term of sale - Credit alternatives (factoring, letters) <p>- Ross, S., Westerfield, R. & Jaffe, J. (2007) Modern Financial Management. Chapter 28.</p> <p>- Jorion, P. (2010). Financial Risk Manager HANDBOOK. Chapter 18.</p>	Presentation/Comments
<p style="text-align: center;">8°</p> <p style="text-align: center;">From October 8th to 13th</p>	<p>MID-TERM EXAM</p>	

<p>9°</p> <p>From October 15th to 20th</p>	<p>7.- Trusts - Fideicommissum.</p> <ul style="list-style-type: none"> - Type of Trusts - Alternatives - Tendency - Use in Peru and Latam. <p>- Ross, S., Westerfield, R. & Jaffe, J. (2007) Modern Financial Management. Chapter 20.</p>	<p>Presentation/Comments</p>
<p>10°</p> <p>From October 22nd to 27th</p>	<p>8.- Project Finance</p> <ul style="list-style-type: none"> - Capital Budgeting - The Payback Period - Net Present Value - Internal Rate of Return - Type of agreement, technical and finance - Working Capital - Credit Policy <p>- Reading assigned by the professor</p>	<p>Presentation/Comments</p>
<p>11°</p> <p>From October 29th to November 03rd</p>	<p>8.- Project Finance.</p> <ul style="list-style-type: none"> - Structure, using Banks, government, assets. - Characteristics in Project Finance - PMI - Agency problem - Manage Risk - Costs, alternatives <p>- The International Project Association (2004). http://www.ipfa.org/shocked_index_branch3.htm</p>	<p>Presentation/Comments</p>
<p>12°</p> <p>From November 05th to 10th</p>	<p>9.- WORKING CAPITAL MANAGEMENT: Credit and Inventory Management</p> <ul style="list-style-type: none"> - Credit Policy - Evaluating Trade Discounts - Inventory Costs - Inventory Management Techniques <p>- Reading assigned by the professor</p>	<p>Presentation/Comments</p>
<p>13°</p> <p>From November 12th to 17th to 08th</p>	<p>9.- WORKING CAPITAL MANAGEMENT: Credit and Inventory Management</p> <ul style="list-style-type: none"> - Savings examples - Cash Budget - Forecast balance sheet - COSO <p>- Reading assigned by the professor</p>	<p>Presentation/Comments Quiz 03</p>
<p>14°</p> <p>From November 19th to 24th</p>	<p>10.- Corporate Social Responsibility</p> <ul style="list-style-type: none"> - Definition - Principles - Actual tendency 	<p>Presentation/Comments Individual Research Paper due</p>

15° From November 26 th to December 1 st	Individual Research Presentations	Individual Research Presentation
16° From December 03 rd	FINAL EXAM	

VIII. References

Mandatory References

Lizarzaburu, Burneo, **Topics in Finance**, Primera Edición, Editorial Pearson

Ross, S., Westerfield, R. & Jaffe, J. (2007) **Modern Financial Management**. 8th Edition. Mc Graw Hill.

Jorion, P. (2010). **Financial Risk Manager HANDBOOK**, 6th Edition, Garp, Wiley Finance

Benninga, S. (2008), **Financial Modeling**, 3rd Edition, The MIT Press, Cambridge

Complementary References

Ross, S., Westerfield, R. & Jaffe, J.. **Corporate Finance**. 7th Edition, Mc Graw – Hill International Edition.

Papers

Microfinance Sector in Emerging Capital Markets: Peruvian Financial Entity CMAC (CAJA Municipal de Huancayo), Emeraldinsight, Research in Finance, 2018
<https://www.emeraldinsight.com/doi/abs/10.1108/S0196-382120170000034014>

CSR Actions in Companies and Perception of Their Reputation by Managers: Analysis in the Rural Area of an Emerging Country in the Banking Sector, Sustainability, 2018
<http://www.mdpi.com/2071-1050/10/4/920>

A Government funding tool: The Designated Market Maker program and the Bond market in Peru, Revista Espacios, 2016
<http://www.revistaespacios.com/a16v37n12/16371207.html>

IX. Professor

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