



Introduction to Finance Course # 1238.2410.01 Module 1, Fall 2013

Lecturer: Simon Benninga
Course Time: Monday/Wednesday, 11:30 -14:15
[on Wed., 16 October: 10:15 – 13]
Office Hours: Monday 10:30 – 11:30, or by appointment (Recanati 447)
Email: Benninga@tau.ac.il

Tutorial: Tuesday 14:45-16:15
Teaching Assistant: Ronen Sol (sol.ronen@gmail.com)

Course Overview

This course covers the basics of finance. There are two major topics—capital budgeting and the capital asset pricing model. I anticipate that the course will be demanding and rigorous, fatiguing and inspirational. Money is fun and important!

Course Materials

- Textbook: Principles of Finance with Excel, 2nd edition by Simon Benninga (PFE)
- Some additional materials
- Website: <http://simonbenninga.com/finintro.htm> (username/pw given in class)*

Grading

You should participate in all the classes , do all the homework, and of course take the midterm and the final exam. I will occasionally give a pop quiz at the beginning of class—if you miss the class you will get no credit for the quiz (no makeup quizzes).

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| • Homework | 15% |
| • In-class quizzes | 5% |
| • Midterm | 30% |
| • Final exam | 50% |

* The website contains materials that I do not want distributed. Please restrict use for yourself only and respect my copyright.

General principles

- You must be vaguely familiar with the reading materials before the class in which they are discussed. I reserve the right to reinforce this with pop quizzes.
- All work will be done with Excel.
- Exams are open material and will be done on your own laptop.
- Cheating in any form will not be tolerated. If there is a suspicion I will choose between reporting you to the Tel Aviv University disciplinary committee or determining with the cheater how much of the course he/she will fail.
- Homework and cases may be done in pairs (no more!) and must be in the inbox of the TA before the relevant class.

COURSE SCHEDULE (subject to change)		
Sunday Oct. 13, 13:00 -14:30	Prep course finance review (this class is not mandatory)	PFE 2, 3, 15, 24-27
Monday Oct. 14	Introduction to capital budgeting	PFE 4
Wednesday Oct. 16 10:15 – 13:00	Issues in capital budgeting	PFE 5
Monday Oct. 21	Issues in capital budgeting, continued Case discussion: Energy Gel Case	PFE 5
Wednesday Oct. 23	Choosing a discount rate	PFE 6
Monday Oct. 28	Mid-term exam in class (covers Chapter 2-6)	
Wednesday Oct. 30	What is risk? Statistics for portfolios	PFE 8, 9
Monday Nov. 4	Efficient frontier	PFE 10
Wednesday Nov. 6	The capital market line (CML) and the security market line (SML)	PFE 11
Monday Nov. 11	Measuring investment performance	PFE 12
Wednesday Nov. 13	The SML and the cost of capital	PFE 6 and 13
Monday Nov. 18	Efficient markets Valuing stocks	PFE 14, 16
Wednesday Nov. 20	Catching up and review	
Sunday Dec. 1	Final exam	